

BUDGET POINTS

Allowances up, no income tax change

There will be no rise in income tax "in the foreseeable future". The single person's tax allowance is to be increased from £1,785 to £2,005 and the married man's allowance goes up from £2,795 to £3,155. The single age allowance is increased from £2,360 to £2,490 and the married age allowance from £3,775 to £3,955.

Forecast of inflation 4 1/2%, growth 3%

Inflation is expected to fall to 4 1/2 per cent by early 1985. Growth is expected to be 3 per cent this year. Government borrowing in the coming financial year will be £7250m. The Government's economic policy continues to rest on its medium-term financial strategy, which is being extended.

NI surcharge abolished

The Chancellor said he was abolishing the 1 per cent national insurance surcharge from October, reducing private sector employers' cost by almost £350m in 1984-85 and more than £550m in a full year.

Stamp duty on shares halved

Stamp duty on share deals is halved to 1 per cent immediately and a new flat rate 1 per cent stamp duty is imposed on land and buildings. The tax threshold goes up by £5,000 to £30,000.

Car tax rises to £90 today

Excise duty for cars and light vans rises today from £85 to £90; heavier lorries will pay higher taxes and lighter lorries lower taxes to reflect road wear and tear; no VAT or car tax to be charged on family cars designed for the disabled.

Life assurance relief to go

The Chancellor said he was withdrawing relief on new life assurance contracts made after yesterday. Existing policies will not be affected.

Aid for share incentives

There will be more generous treatment of share incentive schemes, with the profits made by employees generally not counting for income tax.

Allowances for firms changed

Capital allowances for industry are to be restructured in three annual stages, for plant and machinery, with first-year allowances reduced immediately from 100 per cent to 75 per cent for all such expenditure.

Company car scales up 10%

Mr Lawson announced an increase of 10 per cent in company car and car fuel scales from 1985.

Takeaway food to suffer VAT

Value-added tax will be charged on takeaway food, on house repairs and building improvements.

Wine cut 18p

Duty on table wine is reduced by the equivalent of about 18p a bottle but sparkling wine, fortified wine and spirits will cost about 10p a bottle more from midnight. Beer will be 2p a pint dearer and a pint of cider will cost an extra 3p. The increase in beer prices is "the minimum amount needed to comply" with the recent judgment of the European Court in Strasbourg.

I see your heart about... (Handwritten note)

Help for small companies

The small companies' rate of corporation tax is to be reduced immediately from 38 per cent to 30 per cent for profits in 1983-84 and thereafter.

Price of petrol up by 4 1/2p

Petrol and Derr prices to be increased at the pumps by 4 1/2p and 3 1/2p respectively; no increase in duty on heavy fuel oil; excise duty on kerosene to be abolished.

Foreigners to lose relief

Tax relief on the pay of foreigners working in the United Kingdom is to be phased out; there is no relief for newcomers from yesterday.

Calke Abbey is rescued

Calke Abbey, near Derby, has been saved for the nation by the Budget. The Chancellor announced an unspecified increase for the National Heritage Memorial Fund with the abbey's rescue in mind.

Corporation tax cut to 50%

Rates of corporation tax will be cut from 52 per cent to 50 per cent this year, then further reduced to 45 per cent in 1984-85 and down to 40 per cent in 1985-86 enabling the main rate to be 35 per cent in 1986-87.

Investment charge goes

The investment income surcharge of 15 per cent will be abolished from April 1. The cost this year will be £25m, building up to £350m in a full year.

Capital transfer

The highest rate of capital transfer tax will drop from 75 per cent to 60 per cent. The Finance Bill will double the limit for capital gains tax retirement relief to £100,000 back dated to April last year.

Cigarettes rise

Mr Lawson increased the duty on cigarettes by 10p for a packet of 20 and announced similar rises for cigars and hand-rolling tobacco. But there was no increase on pipe tobacco.

Shift in rate

Equal treatment between banks and building societies to be achieved "not by removing the composite rate from the societies but by extending it to the banks and other licensed deposit takers", the Chancellor said.

VAT change

VAT payments for importers and exporters are to be brought into line with the EEC which will allow British importers to defer their VAT payments by one month.

Chancellor starts sweeping shake-up

Lawson launch-pad for reform

By Frances Williams, Economics Correspondent

Mr Nigel Lawson, Chancellor of the Exchequer, seized the opportunity of his first Budget yesterday to imprint his personal stamp firmly on government economic policy as far ahead as the next election. He has launched the most sweeping shake-up of the tax system for more than a decade, a move which dramatically alters the balance of taxation for families, savers and businesses. And he has reinforced the Government's commitment to eventual price stability with a revamped financial strategy designed to reduce inflation to 3 per cent by 1988-89. Announcing a substantial cut in income tax for the coming year, the Chancellor held out the prospect of more reductions next year and in subsequent years, provided public spending was held in check. Within the confines of a broadly neutral Budget for the coming year, which leaves total revenues little changed, Mr Lawson has boldly redistributed the tax burden between groups of taxpayers. A 12.5 per cent increase in the basic income tax threshold, 7 per cent more than necessary to compensate for inflation, has been largely financed by extend-

ing value-added tax to building alterations and hot take-away food and raising excise duties on drink, tobacco, petrol and vehicle licences. Most duties have risen in line with inflation but cigarettes have been taxed more heavily and the duty on wine has been cut to comply with an EEC ruling. Mr Lawson emphasized the help the higher tax thresholds would give the low-paid, £50,000 of whom would be taken out of the tax net. He said the switch from income to spending taxes would improve incentives and increase freedom of choice. For savers Mr Lawson has abolished the surcharge on substantial investment incomes and reduced stamp duty on share deals and home sales. Against this, he has, as widely predicted, abolished tax relief on life insurance policies taken out from today. He confirmed that from 1985-86 banks would be required to deduct income tax at source from interest payments to personal customers to put them on the same footing as building societies. His was a Budget "for jobs and enterprise", Mr Lawson declared.



The Chancellor and his wife leaving Downing Street for the House. More photographs, back page.

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Increase in tax allowances

A 12 per cent Budget increase in personal tax allowance raises the single person's allowance from £1,785 to £2,005 in 1984/85. For a married man the allowance rises from £2,795 to £3,155 for the coming tax year (Lorna Bourke writes). The age allowance is going up from £2,360 to £2,490 for a single person with the married age allowance rising from £3,775 to £3,955. The threshold above which age allowance starts to be clawed back has been raised from £7,600 to £8,100. Higher rate tax thresholds have been increased by the rate of inflation only just over 5 per cent.

The differential between allowance rises and higher thresholds has the effect of giving more cash to the lower paid at the expense of higher rate taxpayers.

Farming out of scheme

From today farming ceases to be treated as a qualifying trade under the business expansion scheme.

PERSONAL TAX ALLOWANCES

	83-84	84-85
Single person	1,785	2,005
Married man	2,795	3,155
Wife's earned income allowance	1,785	2,005
Additional personal allowance (single parents)	1,010	1,150

\*This is the maximum. Age allowance is reduced down to personal allowance levels by £2 for every £3 of excess income over £7,600 in 1983/84 and £8,100 in 1984/85.

MARRIED COUPLE, NONWORKING WIFE, £30,000 MORTGAGE

	Annual income £20,000		£30,000		£40,000	
	1983/84	1984/85	1983/84	1984/85	1983/84	1984/85
INCOME	20,000	20,000	30,000	30,000	40,000	40,000
Less tax allowances	2,795	3,155	2,795	3,155	2,795	3,155
Mortgage interest relief	3,375	3,375	3,375	3,375	3,375	3,375
Taxable income	13,830	13,470	23,830	23,470	33,830	33,470
Tax payable	4,149	4,041	8,505	8,130	13,751	13,273
N.I. contributions	1,100	1,170	1,100	1,170	1,100	1,170
TOTAL NET INCOME	14,751	14,789	20,395	20,700	25,149	25,557

\*Mortgage interest is calculated at 11.25 per cent.

SINGLE PERSON, £15,000 MORTGAGE

	Annual income £8,000		£10,000		£15,000	
	1983/84	1984/85	1983/84	1984/85	1983/84	1984/85
INCOME	6,000	6,000	10,000	10,000	15,000	15,000
Less tax allowances	1,785	2,005	1,785	2,005	1,785	2,005
Mortgage interest relief	1,687	1,687	1,687	1,687	1,687	1,687
Taxable income	2,528	2,308	6,528	6,308	11,528	11,308
Tax payable	758	692	1,858	1,882	3,458	3,392
N.I. contributions	540	540	900	900	1,100	1,170
TOTAL NET INCOME	4,702	4,788	7,142	7,208	10,442	10,438

\*Mortgage interest calculated at 11.25 per cent.

COUPLE OVER 65, NO MORTGAGE, £2,500 INVESTMENT INCOME

	Annual income £7,500		£10,000		£15,000	
	1983/84	1984/85	1983/84	1984/85	1983/84	1984/85
INCOME	7,500	7,500	10,000	10,000	15,000	15,000
Less age allowances	3,755	3,955	2,795	3,155	2,795	3,155
Taxable income	3,745	3,545	7,205	6,845	12,205	11,845
Tax payable	1,123	1,083	2,161	2,053	3,661	3,553
TOTAL NET INCOME	6,377	6,437	7,839	7,947	11,339	11,447

\*This is reduced by £2 for every £3 of income over £7,600 (1983/84) £8,100 (1984/85) down to married man's relief level.

SINGLE PARENT WITH THREE CHILDREN, £10,000 MORTGAGE

	Annual income £8,000		£10,000		£15,000	
	1983/84	1984/85	1983/84	1984/85	1983/84	1984/85
INCOME	6,000	6,000	10,000	10,000	15,000	15,000
Less tax allowance	2,795	3,155	2,795	3,155	2,795	3,155
Mortgage interest relief	1,125	1,125	1,125	1,125	1,125	1,125
Taxable income	2,080	1,720	6,080	5,720	11,080	10,720
Tax payable	624	516	1,824	1,716	3,324	3,216
N.I. contributions	540	540	900	900	1,100	1,170
NET INCOME	4,836	4,944	7,276	7,384	10,576	10,614
Plus child benefit	1,149	1,149	1,149	1,149	1,149	1,149
TOTAL INCOME	5,985	6,093	8,425	8,533	11,725	11,763

\*These figures could be lower/higher if part of the income is maintenance payments.

HIGHER RATE INCOME TAX THRESHOLDS

	1983-84	1984-85
Taxable income	Rate	Rate
0-£14,800	30%	30%
£14,801 to £17,200	40%	40%
£17,201 to £21,800	45%	45%
£21,801 to £28,900	50%	50%
£28,901 to £38,100	55%	55%
Over £38,100	60%	60%

Investment income surcharge of 15% on investment income in excess of £7,100, 1983-84. Investment income surcharge abolished 1984-85.

Savers face a different future

By Lorna Bourke  
Savers face a very different future, with stamp duty concessions and abolition of investment income surcharge being paid for in part by the removal of tax relief on life assurance premiums. Stamp duty on share transactions is to be cut immediately from 2 to 1 per cent. The Stock Exchange has long complained of losing business to other markets because of the high cost of transactions in London. Investment income surcharge has been abolished from 1984/85, at a cost of £390m in a full year, releasing thousands of elderly people from this 15 per cent surcharge on investment income over £7,100 a year. The real shock was the removal of a 15 per cent tax discount on life assurance premiums. This had been widely predicted. Existing policyholders are, however, unaffected. Perhaps the biggest surprise was the decision not to cut the 8.26 per cent tax free National Savings certificates and the 11 per cent return on National Savings Bank investment accounts. The Chancellor has therefore limited any possible mortgage rate cut.

Corporation tax rate to be cut

By Ian Griffiths  
The Chancellor's Budget theme of tax reform has had a big impact on corporate taxation, with sweeping changes to reduce the basic rate to 35 per cent by 1986. Mr Nigel Lawson said: "The current rates of corporation tax are far too high, penalising profit and success, and blunting the cutting edge of enterprise. They are the product of too many special reliefs, indiscriminately applied and of diminishing relevance, to the condition of today." He has therefore abolished stock relief and will phase out first year capital allowances on plant, machinery and building. The aim is to reduce the amount of corporation tax which companies pay and discourage investment in assets which are unprofitable and have favoured capital rather than labour. The Government is keen to encourage a climate where corporate finance is obtained from equity rather than borrowings. Corporation tax will be cut from 52 to 50 per cent for the financial year 1983 and will be reduced by instalments to 35 per cent in 1986. The abolition of first-year allowances for investment machinery will have the biggest short-term impact.

Coal board goes to court to stop picketing

By Paul Routledge and Barrie Clement

The National Coal Board is taking legal action against the National Union of Mineworkers to halt unlawful secondary picketing that closed three more pits in Nottinghamshire and Derbyshire yesterday as the strike over job cutbacks continued to engulf the industry. The Coal Board will today ask the High Court in London for an injunction under the Employment Act 1980, restraining Yorkshire miners' leaders from encouraging their 56,000 striking members to "picket out" mines where the men are due to halt on industrial action later this week. After considering evidence from the picket lines yesterday, coal board lawyers decided to act "in the interests of the safety of men who want to work". They will cite statements by Mr Jack Taylor, the union's Yorkshire area president, in which he said: "The gloves are off now". Withdrawing an earlier appeal to striking Yorkshire pitmen to stay at home, Mr Taylor said: "Our members who have already shown their mettle through 19 weeks of the overtime ban and their united and disciplined strike action will once again rise to the challenge. We will step up our



Mr MacGregor (left) and Mr Scargill

Markham Main colliery near Doncaster, arrived in force to prevent men from working at Harworth, Cresswell, and Bevercotes mines in north Nottinghamshire, and White- well in north Derbyshire, yesterday. Many more are expected today ahead of crucial ballots in the Midlands. Mr Taylor said that Mr Ian MacGregor, the Coal Board chairman, was not used to dealing with miners and would find that he had "bitten off more than he can chew on this occasion". The technique of "flying pickets" was perfected in Yorkshire under Mr Arthur Scargill, before he became the union's national president.

In his presidential address to the union's policy-making conference in Perth last year, Mr Scargill predicted: "A fight-back against this Government's policies will take place outside rather than inside Parliament". He also said the union was pledged to militant resistance against the application of the 1980 and 1982 Employment Acts "including the use of industrial action". The stage is therefore set for the most critical confrontation yet seen over the Government's labour laws. Yorkshire miners, whose secondary picketing closed

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# Thatcher clash prompted resignation of property chief

By Peter Hennessy and John Witherow

A heated argument between the Prime Minister and Mr Montague Alfred at a private meeting in No 10 last month contributed significantly to his resignation as chief executive of the Property Services Agency nine months before his contract expired.

Mr Alfred's resignation was announced on Monday after a meeting with Mr Patrick Jenkin, Secretary of State for the Environment. Mr Alfred, a former chairman of the British Printing Corporation, was recruited from outside the Civil Service two years ago to reorganize the agency along more commercial lines.

He has encountered fierce resistance to his idea that the agency's work for civil ministries should be separated from those of the Ministry of Defence. The issue came to a head at a meeting of the Prime Minister's ad hoc committee on the agency's future, when Mr Alfred tried to interrupt Mr Thatcher during her summing up and was rebuffed.

The group, which includes Mr Michael Heseltine, Secretary of State for Defence, Mr Jenkin, Mr Nigel Lawson, Chancellor of the Exchequer, Commissioner Sir Robert Armstrong, Secretary of the Cabinet, to produce an alternative plan. A final decision on the agency's future will be taken at the end of the month.

As an insider put it yesterday: "His departure came as no surprise. If you alienate each and every audience you are playing to your immediate colleagues, the other permanent secretaries, the Cabinet Office and then the Prime Minister, it is bound to happen."

The runners for the succession include Mr Peter Harrop, second permanent secretary at the Department of the Environment; Mr John Delafons, a deputy secretary in the department; and Mr Geoffrey Chipperfield. Mr Alfred's deputy at the agency.

The agency was criticized by MPs after a series of fraud and corruption cases between 1976 and 1982 led to the dismissal of 61 employees.

There was also a fierce internal dispute last year between Mr Alfred and Mr Chipperfield, who described his superior's plans as inappropriate, irrelevant and based on a superficial analogy with the private property sector.

Mr Alfred was appointed by Mr Heseltine, when he was Secretary of State for Environment. His particular brief was to reorganize management of the agency, which handles £10bn worth of government property and employs 30,000 civil servants.

Mr Alfred's efforts aroused opposition within the agency and from some of its clients.

## Trident bill rises 16% as pound declines

By Anthony Bevis

Political Correspondent

The cost of the Trident nuclear deterrent system has increased to £8.729m, a rise of more than 16 per cent on last year's estimate, it was announced in the Commons yesterday.

Mr Michael Heseltine, Secretary of State for Defence, said that the estimate had been presented to the Commons select committee for defence and public accounts which are to investigate the project.

But he told Dr David Owen, leader of the Social Democratic Party, that the latest calculation was based on the June 1983 exchange rate of 1.53 dollars to the pound. Since then, the pound has fallen another 5 per cent against the dollar, which would add a further £196m to the estimate.

Last year's *Statement on the Defence Estimates* the Trident cost at £7,500m an average of 83 prices and rates, with about 45 per cent to be spent in the United States.

However, a recent report from Sir Gordon Downey, Comptroller and Auditor General, quoted a ministry document of February, 1983, still working on September, 1981 prices and rates, which gave a cost estimate of £6,987m - 25 per cent lower than yesterday's figure. Sir Gordon also suggested that only 40 per cent would be spent in the United States.

Mr Denis Davies, Labour spokesman on defence yesterday urged the minister to cancel "this extravagant and irrelevant status symbol and totem pole".



Fishing for bargains: Potential buyers studying the lots at yesterday's auction at the Hampshire College of Agriculture. (Photograph: John Manning)

## Fishermen's world of a £460 reel and a £50 roach

By Stewart Tandler

A rare fly fishing reel dating from 1912 fetched £460 during one of the country's largest auctions of fishing tackle near Winchester, Hampshire, yesterday.

The 500 lots ranged from the sublime, in the shape of rods by some of the best-known British makers, to the more mundane, such as pairs of waders and boxes of assorted items.

The rods included examples of almost every material used by manufacturers in the past century from split cane and greenheart to today's carbon fibre.

The star of the auction was a reel, designed to a specification

## Anti-terror squad holds 8 Libyans

By Stewart Tandler

Crime Reporter

Eight Libyans were held by Scotland Yard's anti-terrorist squad yesterday as investigations continued into the bombings of Libyan targets in London and Manchester since Saturday.

Manchester police confirmed they were questioning several Libyans.

The Libyan People's Bureau said that police were holding 22 Libyans and an official visiting Britain was stopped from leaving Heathrow airport on Monday. The man was still in London yesterday.

On Monday two Libyan officials complained to the Foreign Office about the detention of Libyans and demanded consular access to them.

The Foreign Office said yesterday that access would be arranged to any Libyans being held, but referred questions about anyone stopped from leaving Britain to the Home Office. The Home Office confirmed that a Libyan was detained by the police as he was about to leave Britain.

Police sources confirmed that a man was held as he tried to leave Britain yesterday. The man was described as a student. He was stopped with an official from the bureau, who was not held.

Libyans are thought to be held in Manchester. The Manchester police have said that there may be developments after their investigation, which began with the discovery of two bombs on Sunday.

Six bombs were planted in London.

A device was discovered in the Omar Khayyam restaurant in Regent Street on Monday night. It is thought to have been left on Saturday night when other devices were planted, but it failed to explode.

A statement issued in Tripoli, the capital of Libya, on Monday described the people being held as tourists, students and people seeking medical treatment. The police were accused of "storming and searching" the office of Bureau employee.

Since the bombings began last weekend, after a warning to Libyans to leave Scotland Yard of possible attacks, the Gaddafi regime has denied involvement, accusing Britain of protecting Libyan fugitives from justice and talking off the effect on relations between the two countries.

When the Yard warning was issued, there was little response from Tripoli. The warning is understood to have been based on intelligence, partly supplied by the Foreign Office.

## Farm worker killed in IRA campaign of border terror

From Richard Ford, Belfast

The Provisional IRA shot dead a former member of the Ulster Defence Regiment yesterday in spite of increased covert operations throughout Northern Ireland, which are concentrating on vulnerable border areas.

Mr Ronald Funston aged 28, who left the UDR eight years ago, was shot by two men as he drove a tractor on the family farm near Pettigo, near the co Fermanagh, co Donegal border. His attackers fled half a mile across open fields to the Irish Republic as he lay dying in his mother's arms.

It was the fifth murder in 12 days, and it came within hours of a Royal Ulster Constabulary warning that terrorist killings were part of a plot to drive Protestants to retaliate against Roman Catholics.

Mr Funston was considered a "soft target" for the terrorists because he worked in isolated country near the border with the Republic.

His death was condemned by politicians and clergymen. Mr Kenneth Maginnis, Official Unionist Party MP for Fermanagh, South Tyrone, claimed that one of the nineteen men still free after the Maze prison escape, was living in the Republic "very actively planning the murder of Protestants".

Mr James Prior, Secretary of State for Northern Ireland, said that a recent review of security policy had led to several changes. He added: "There are more covert operations going on in the border area and in other areas."

But the security forces believe the Provisional IRA intends to increase its activities in the weeks leading to Easter and the European elections, showing that concentration of political activity would not mean the end of the "military" side of their strategy.

The killing of people in border areas has a much greater destabilizing effect than incidents elsewhere because it increases fears among Protestants who think that the terrorists are trying to drive them from their homes and land.

The Rev Gordon Roycroft, Mr Funston's minister said of the latest victim "His only crime was being a Protestant. It is obvious they want to drive the Funstons away as they are trying to move other Protestants away."

Seven men, including Mr Gerry Adams, the Provisional Sinn Féin MP for West Belfast, appeared in court yesterday, accused of offences after a dispute over the flying of the Irish tricolour from a car during a election cavalcade.

Mr Adams is accused of obstructing the police who wanted the flag removed to prevent a breach of the peace.

The defendants deny offences including disorderly behaviour, obstruction and conducting an illegal march. The case at Belfast Magistrates' Court continues today.

## Radio report looks to middle of the road

By David Hewson, Arts Correspondent

The expansion of local radio services during the peak audience hours should be the main radio priority in the 1990s, according to a study group report published by the corporation yesterday.

The report, on future patterns of local and regional radio, recommends that Radio 2's specialist music output should be transferred to local stations, saving the station to consolidate its position as a middle-of-the-road network.

The findings, by a group of BBC officials known as the Nineties Study Group, make no other direct recommendations about the standing of the national networks, but the statistics they reveal are unlikely to encourage the prospect of further expansion of Radio 3 or the evening output of any of the stations.

The corporation's audience figures, which are usually published, show that Radio 3's total daily audience throughout Britain is now down to 500,000, after 7pm, all radio stations, BBC and others, account for only 5.7 per cent of their potential audience. Such programmes as *Friday Night is Music Night* and *Any Questions*, attract only 420,000 and 50,000 listeners respectively.

The five are: Mr William Clark, Sir Geoffrey Cox, Sir Derek Mitchell, Dame Rosemary Murray and Lord Windlesham.

The directors, elected in accordance with the requirements of the Secretary of State or Trade after the Lornho purchase of the newspaper in 1981, have had their monthly meetings cut to four a year and they have been asked to take a reduction in pay from £4,000 a year to £1,000.

Mr Paul Spicer, a director of onrho, headed by Mr Roland (Tiny) Rowland refused to comment on the future of the directors except to say: "Perhaps they found four meetings a year adequate."

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## Advertising body upholds CND missiles claim

The Advertising Standards Authority, which usually declines to rule on matters of political controversy, has upheld a claim by the Campaign for Nuclear Disarmament that "25 million electors oppose cruise missile deployment now".

A member of the public complained about the statistic, based on a poll of 999 adults, and questioned the ethics of using a limited sample in an advertisement to represent the entire population.

In its decision published today, the authority rules that the CND's statistical method and presentation were acceptable, "although it would generally be subject to some degree of error".

The figures quoted would have "produced a level of opposition of between 23.1 and 26.4 million".

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## The education lottery: 3

### History: Learning facts or judging ideas

By Sir Keith Joseph, Secretary of State for Education and Science, said recently that an element of national history should be part of every pupil's education up to the age of 16. After an intensive series of visits to schools in different parts of the country, LUCY HODGES, our education correspondent, reports on the teaching of history.

Is history being squeezed out of the primary curriculum, in favour of "civics" and "social studies" in secondary schools by the popularity of courses in such subjects as computers? If not, are children still learning the dates of kings and queens?

Two comprehensive I visited in Gateshead were introducing children to the Schools Council history project, developed during the 1970s by Leeds University, which involves learning historical methods and processes rather than facts. Children piece together a story from bits of evidence, thus learning that there is not one correct answer to what happened but different interpretations.

Thirty children in the first year at Whickham school in Gateshead were studying Sutton Hoo: the Mystery of the Burial Mound taken from *What's History?* by Jon Nichol. Mr Nick Cowie, the teacher, conducted a fast and vigorous discussion about why, for example, no body was found in the remains of the ship.

"It was stolen", one hazarded. They forgot about it", another suggested. "It rotted", a third said. "It could have drowned?" The children were keen and attentive.

Cyclostyled sheets were handed round listing some of the objects found in the grave. Discussion ensued with Mr Cowie emphasizing the tentative nature of some of the evidence.

The Schools Council project is being used on a much bigger scale at Heworth Grange School in Gateshead where it has been in use for two years on a course up to CSE and O level. A third year group of 25 pupils aged 13 and 14 was being introduced to its methodology although the rest of the term

they were studying the Industrial Revolution with Gatehead-produced material.

They were doing an exercise in pure detective work and working out how a young man had met his death in a ditch on the A2. Their evidence lay in an envelope, marked "The mystery of Mark Pullen", inside which were, for example, a Kent University rugby club membership card, a note about making his way to a party and a police constable's report.

I was informed that the next lesson the children would write a story of what they thought happened to the man. The history teachers said that the children "much preferred this course because they saw the sense to it. They were now

opting for history in the fourth year.

Sixth form history, by contrast, is still taught in conventional ways. At Heworth Grange a group of six were being told how to write an essay on why the Dreyfus affair had given rise to so much controversy.

The subject was traditional at Whitemare primary in Gateshead. Miss Nancy Simpson, the head, said that history had to be taught chronologically, starting with the Stone, Bronze and Iron Ages, the Ancient Britons, Romans and Danes for the seven to eight-year-olds in the first year and ending with Georgian England to the present day for the fourth year.

At Litcham High School in Norfolk first years were learning about the Romans with Mrs Utting who was talking to them about how the people lived. "Do you think they went to school?" she asked. No, was the reply.

Concluded

## Briton back from Saudi jail ordeal

Mr Keith Carmichael, a British businessman, flew home to freedom yesterday after spending two-and-a-half years in a Saudi Arabian jail and went immediately to the Middlesex Hospital, London, for treatment on a fractured spine.

Mr Carmichael, aged 49, who was jailed without trial amid allegations that a business venture owed nearly £1m arrived at Heathrow airport from Riyadh and was taken from his flight in a wheelchair.

The former Scotts Guards officer was arrested in October 1981 as he tried to flee into neighbouring Qatar and was presented with claims totalling £904,490 from 19 organizations and individuals.

During a drive to hospital for treatment on a swollen knee after 95 days interrogation Mr Carmichael says he was in handcuffs and fettered to other prisoners. He said that he was bumped along in such a way that his spine was fractured.

Mr Carmichael sent letters all over the world including one to President Reagan, appealing for help.

His case was taken up 47 times by the Foreign Office and he staged a hunger strike. He said: "My weight went down to ten stone from thirteen-and-a-half stone."</



## Police demand 'fairer deal' for officers facing disciplinary proceedings

By Richard Evans

A campaign to secure a fairer deal for policemen facing disciplinary proceedings, including the right to legal representation, was launched by the Police Federation yesterday. The campaign, which will cost £60,000, coincides with the imminent discussion of the Police and Criminal Evidence Bill clauses covering police complaints and discipline which the federation, in national newspaper advertisements published yesterday, says "effectively reduces every man and woman on the beat to the rank of second-class citizen". The federation, which has 120,000 members, complains that under existing procedures an officer has a complaint dealt with internally behind closed doors, where he or she is not allowed legal representation and is subjected to hostile witnesses who are not subject to the rules of evidence which apply in courts.

"Altogether the judgment will be based on a lower standard of proof than a court would demand. Yet the penalties incurred can be savage. An officer can be dismissed, required to resign, reduced in rank or fined thousands of pounds. It's not that the police service are asking for favours under the law... they merely seek equality. In a job that lays them open to more than their fair share of attacks, the police deserve the same civil rights as everyone else."

Mr Leslie Curtis, federation chairman, said yesterday that the campaign had the full backing of the Law Society, National Council for Civil Liberties, and according to an opinion poll, 82 per cent of the public. The federation, which fears the new Bill will produce a large increase in complaints against the police, is prepared to take the issue to the European Commission on Human Rights, Mr Curtis said. Although the right to legal representation is fiercely opposed by chief constables who handle serious disciplinary cases, Mr Leon Brittan, the Home Secretary, said last week that he hoped to meet the federation's demands, which were satisfied in the previous police Bill, killed off by last year's general election. But Mr Curtis said he had received no details after the Government's "11th hour" intervention "so it is impossible to say whether what the Home Secretary is intending would meet our demands". Of the 1,600 disciplinary cases dealt with on average each year, the federation estimates about 400 would qualify, under its proposals, for legal representation. The cost would be about £100,000 a year, which it wants to be paid by the Government. Mr Curtis said that the federation also wants to be placed on a "firmer footing" with rules that apply in courts being introduced. Mr Jack Kent, secretary of the federation's discipline committee, said that in many cases officers were being convicted at internal hearings on a "lower state of proof" because the system's shortcomings.

## Davey guilty of seven assaults on police

By Craig Seton

James Davey had been convicted of assaults on seven police officers over 18 years and had been sentenced to a total of more than 13 years, an inquest into his death was told yesterday. The Coventry coroner, Mr Charles Kenderdine and jury were told of a police plan to move Mr Davey, aged 40, from Little Park Street police station to London, where he was wanted for questioning in connection with inquiries into a gangland murder. He was to be offered a telephone call to his mother while officers waited to take him. Mr Davey, who had been arrested at his mother's home in Coventry, collapsed in March last year after an incident at the station. He spent 11 days in a coma at Coventry and Warwick hospital, then his life-support machine was turned off. Inspector Wayne Arkill said they had expected a violent response from the prisoner whose solicitor said that his client would not go to London voluntarily. They decided that a leg restraint would be necessary. They had nothing tailor-made, so officers used a nylon rope usually used to take stray dogs to kennels. Inspector Arkill said that he heard a yell or shout from Sergeant Ian Speed, who had gone to Mr Davey's cell, followed by a scuffle and a great deal of activity from officers moving from their hidden places. The inquest has been told that Mr Davey had been secured with two pairs of handcuffs on his wrists and the rope and a belt round his legs. The inspector said that when Mr Davey was carried into the chargeroom and turned over he was purple black in colour, and the officers put him down. The restraints were removed. The inquest continues today.



A granulated gold pendant head of Achelous by Carlo Giuliano is among the exhibits that have been lent to the Watski galleries at 14 Grafton Street, London, W1. The exhibition of revivalist jewelry by Carlo and Arthur Giuliano and Alfredo Castellani, which includes works owned by the Royal Family, runs until March 27. (Photograph: Suresh Karadia).

## Oxford entrance challenge

By Lucy Hodges, Education Correspondent

A radical plan for reforming Oxford and Cambridge admissions so that applicants would take a scholarship-level examination at the same time as A levels has been drawn up by Hertford College, Oxford. The move, which comes days before Oxford University holds a big conference to "explain and clarify" its new two-tier entrance system, will create maximum annoyance at a critical time. Schools are being invited to the conference this weekend, partly because of concern that the new system, to begin next year, is complicated. By implication, Hertford, one of the first colleges to admit women and relax its admission procedures, agree with the criticism. Oxford's new entrance system will operate through two modes: Mode E, whereby applicants will take a written entrance examination in the fourth term of the sixth form, or Mode N, which will rely on A level results but may be supplemented by written and oral tests.

Hertford's plan, prepared by Dr Neil Tanner, the college's admissions tutor, states: "It has become apparent that adaption and compromise will no longer satisfy our needs and over the next decade we must look towards a more radical reform". The 400 representatives of schools invited to the conference have also been invited to a "fringe" meeting by Hertford on Friday afternoon. They have been sent copies of the Hertford plan.

Mr Richard Hartley, QC, for Mr Francombe, said the 38 tapes, spanning 20 hours, were "illegally produced by telephone tapping" over at least three months. The hearing continues.

## Tomorrow

**Primary education**  
The lessons that the US presidential candidates can learn from the results of the Super Tuesday spate of primaries.  
**One over the eight**  
Simon Barnes talks to unconventional coach Dan Topolski, who will be the toast of Oxford if he can lead the boat race crew to another victory on Saturday.  
**Mind-bending**  
Brian Inglis examines psychokinesis-art of bending metal by thought process.  
**Off the shelf**  
Books: Fay Weldon reviews *Sex and Destiny*, by Germaine Greer; also Fiona MacCarthy on *Sylvia Beach and the Lost Generation*.

## Daily Mirror challenges tape order

The *Daily Mirror* yesterday asked the Court of Appeal to cancel a court order requiring it to disclose a court order requiring it to disclose the contents of the telephone of John Francombe, the champion National Hunt jockey.

It also sought to lift an injunction banning publication of the contents of tape recordings of telephone conversations. Mr Francombe, of Lambourn, Berkshire, had obtained the orders against the newspaper in the High Court last week. He is suing *Mirror* Group Newspapers, Mr Mike Molloy the editor of the *Daily Mirror*, and two reporters, for damages for alleged breach of confidence and trespass. A date for the full trial of his action has yet to be fixed. Mr Richard Hartley, QC, for Mr Francombe, said the 38 tapes, spanning 20 hours, were "illegally produced by telephone tapping" over at least three months. The hearing continues.

## GP's computer helps benefit claimants

By Nicholas Timmins, Social Services Correspondent

A family doctor in west London has developed a computer program to assist his patients' rights to social security benefits. If widely adopted, it could lead to many more claims. An estimated £760m a year of supplementary benefit now goes unclaimed and only half the families entitled to Family Income Supplement (FIS) claim it.

The program has been developed over about four years by Dr Brian Jarman, who became professor of general practice at St Mary's Hospital Medical School in January. It takes on average 10 to 20 minutes to put a patient through the program, which covers about 30 benefits, including supplementary benefit and FIS, mobility and attendance allowances, housing benefit and free prescriptions. The program is being studied by the Department of Health and Social Security, which has seconded an official to work with Dr Jarman.

Dr Jarman, who is based at the Lisson Grove Health Centre, said that he developed the program because patients were coming to see him with stress-related illnesses. "A proportion

of them were under stress purely because they were hard up on single parent's benefit of the elderly people like that."

He was unable to remember the complex rules covering benefits to which they might be entitled, and a computer program seemed the obvious answer. Often the sums are small - an extra 50p for laundry or £2 a week heating allowance. But for people on low incomes such sums make an appreciable difference. In some cases families in work have not realized they can claim Family Income Supplement and have received an extra £25 a week.

At present the program runs on a £2,700 Hewlett Packard computer, but Dr Jarman says he hopes to rewrite it for the new Sinclair QL. The program offers the advantage that an individual's right to benefit can be assessed in one place, without the need to contact separate social security and local authority offices.

Two other practices in Liverpool and Kenilworth, London, are considering adopting the system, but Dr Jarman says his hope is that the DHSS will adopt it.

## Chemists' drug sales warning

The risks and benefits of allowing increasing varieties of more potent drugs to be sold by pharmacists should be monitored, the *Drug and Therapeutics Bulletin* said yesterday (Our Social Services Correspondent writes).

Ibuprofen, a painkiller, and loperamide, used to treat acute diarrhoea, have been removed recently from the prescription-only category by the government and released for sale under a chemist's supervision.

Other drugs are likely to follow, the bulletin says. Those could include painkillers, some low-potency creams for treating eczema, dermatitis and other skin disorders, and drugs to treat stomach cramps and painful periods.

The policy should encourage people to care for their minor ailments and save their own doctors' time, the key attraction for the government. But patients may not consider drugs bought over the counter worth mentioning to their doctor, the bulletin says, and they may put themselves at risk of unforeseen drug interactions. Ibuprofen, for example, should not be taken by patients allergic to aspirin.

## Complaint over RSPCA inquiry by Mail rejected

A newspaper was justified in launching an investigation into the affairs of the Royal Society for the Prevention of Cruelty to Animals which amounted to a campaign, the Press Council said yesterday. The investigation exposed many serious issues to which it was reasonable to draw public attention, it said. The council rejected a complaint that the *Daily Mail* conducted a sustained campaign against the society, employing the deliberate use of inaccuracy, omission and innuendo to create an overall impression of incompetence, corruption and lack of humanity. The complaints concerned a series of articles published in 1980 and 1981.

## Courts using 'back door' ways to jail prostitutes

By Our Legal Affairs Correspondent

A Labour MP has protested to the Lord Chancellor about claims that magistrates are trying to circumvent the law which prevents them jailing prostitutes for soliciting.

Mr Clive Soley, MP for Hamersmith North, has taken up complaints by probation officers at Marylebone Magistrates' Court that prostitutes are ending up in prison because they cannot pay the large sums in which they are bound over to be of good behaviour or asked for as a surety.

He said that it was unacceptable if large fines were deliberately being imposed as a means of imprisoning prostitutes.

Similar complaints have been made by the National Association of Probation Officers

about magistrates at Sheffield where, as a new, short-term expedient, heavy fines related to, a prostitute's earnings are being imposed in a campaign to clear the streets.

Where the women cannot pay they are imprisoned. At least six women have been jailed for fine defaulting since last October, the association says.

But Mr William Johnston, chief clerk at Marylebone, was emphatic that magistrates were not using "back door" methods of jailing prostitutes.

Imprisonment for soliciting was ended by the Criminal Justice Act, 1982, as part of the Government's attempt to clear the prisons of petty offenders for whom a custodial sentence seemed inappropriate.

## Policewoman praised as killer is jailed for life

A woman police constable, Diane Cook, was commended yesterday for standing her ground when she came face to face with an armed man in a blood-spattered bedroom. A man's naked body covered



Diane Cook: Commended.

in blood and a badly beaten woman were also in the room.

"Ordinary human nature should have prompted her to turn around and run away very fast," the Recorder of London, Sir James Mielich QC, said at the Central Criminal Court, London.

He jailed John Glynn for life after he was found guilty of murdering Mr John Perkins, aged 33, and wounding his former girl friend Mrs Margaret Fairhead.

Glynn, aged 35, of Chertsey Road, Whitton, south-west London, broke into their home in Charles Drive, Laleham, near Staines, Surrey, at dawn and stabbed Mr Perkins six times with a large carving knife as he lay in bed.

WPC Cook, aged 31, who is based at Staines, persuaded Glynn to drop the knife and dealt with matters admirably, the Recorder said.

## £70,000 for Lloyd's men

Two Lloyd's underwriters won libel damages against the *Daily Telegraph* yesterday over an article which they claimed, implied they were facing criminal charges over a £14m insurance crash.

Mr Frederick Sasse, of Campden House Terrace, Kensington, west London, was awarded £37,000 and Mr Thomas Turnbull, of Stoke Lodge, Stoke

Hammond, Milton Keynes, Buckinghamshire, £32,500. The newspaper was also ordered to pay costs of the High Court action, unofficially estimated at £15,000.

But Mr Justice Hirst granted the *Telegraph* a stay of execution payment of sums above £20,000 to each man, pending a possible appeal.

## New demand for legal limit on trial delays

The Government will face demands today for a limit on the time prisoners are held before trial with the publication of a report that says there are now 1,600 such prisoners held for more than three months. The report by the Prison Reform Trust coincides with the second reading debate on a Bill introduced by Mr Gerald Bermingham, Labour MP for St Helens South, which is aimed at preventing delays.

The report says that in Scotland, where defendants cannot be held for more than 110 days, only 10 were not brought to trial within the period last year. In England and Wales, however, there is no penalty for delays and about 100 remand prisoners have been awaiting trial for more than a year.

Dr Stephen, director of the trust, said that long delays "an affront to justice", causing anxiety for victims, witnesses and defendants. He supported Mr Bermingham's Prevention of Delays Bill, which would introduce a similar deadline to that in Scotland into English law.

The report says that delays occur for reasons such as limits on court space and the number of judges complex charges needing lengthy preparation. The *Case for Trial Deadlines* (Prison Reform Trust, Nuffield Lodge, Regent Park, London NW1 4RS; free).



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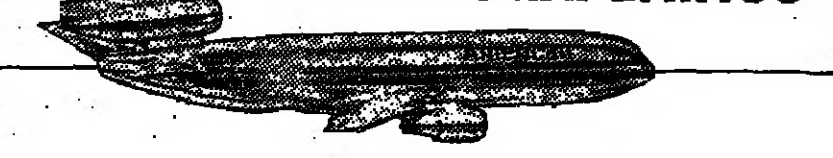
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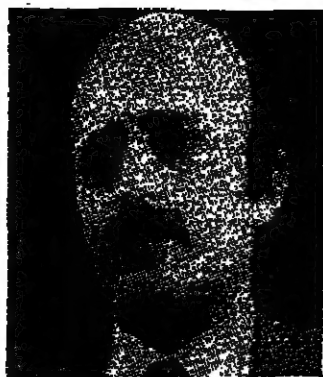
## Anger grows in Lausanne as Gemayel stays aloof from negotiations

From Robert Fisk, Lausanne  
"Nuts", Mr. Walid Jumblatt said yesterday when asked how the negotiations were going for a ceasefire in Beirut; for once the Druze leader appeared to be right.

The bombings in Beirut had just killed 25 people, 14 of them children. In the elegance of the Beau Rivage Hotel in Lausanne, far from defining the new Lebanon at their reconciliation conference, the Lebanese militia leaders spent their first session yesterday morning arguing about the non-existent truce in Lebanon.

President Amin Gemayel refused to participate in the discussions on the very doubtful grounds that he was not a party to the dispute. Abdul Khaddam, the Syrian Vice-President and Foreign Minister, had pleaded and cajoled with the Lebanese delegates earlier in the morning, insisting that Syria wanted "concrete results" and "crucial decisions" at Lausanne. He said there must be a lasting ceasefire in Lebanon, the Lebanese could not leave Switzerland without ending the tragedy of their country.

He gave unequivocal support to President Gemayel, but it had little or no effect, Mr. Berri



Mr. Jumblatt: "Nuts".

was reported to have sat stiffly at his conference table throughout the talks, ominously tapping on the desk in front of him a role of film which he said contained pictures of the Lebanese Army's destruction in west Beirut.

By early afternoon the Phalangist Party delegation was in almost permanent telephone contact with the Phalangist militia headquarters in an old French barracks next to Beirut port, vainly demanding that the right-wing artillerymen halt all their bombardments of west Beirut.

Mr. Berri, whose Beirut home came under shellfire yesterday, claimed that his own men

would observe a truce. But still the delegates - even if they could control events in Lebanon - were not able to agree on how a ceasefire should be implemented.

Mr. Pierre Gemayel of the Phalange, Mr. Berri, Mr. Jumblatt and a senior Lebanese Army officer (whose identity turned out to be as difficult to discover as the reason for his presence in Lausanne) agreed here that a five-man peace commission should operate in Beirut, and that they should meet not in the ruined bank buildings in Hadeth, which the British Army controlled before it left Lebanon, but near the Museum, in an area still protected by French troops.

Yet still President Gemayel refused to be associated with the truce, even when an officer in his own army became involved in the negotiations. The Phalangist militia continued to go on ignoring the pleas of their representatives in Lausanne.

Asked how the conference was progressing, Mr. Jumblatt once more quoted Brigadier-General McAuliffe's response to the 1944 German demand for surrender at Bastogne, "Nuts". He said again, "No one in Lausanne, it appeared, was prepared to surrender yesterday."

## Lebanon ceasefire blocked by militia

From Our Correspondent, Beirut

Mortar and artillery shells fell sporadically on widespread residential areas of east and west Beirut yesterday, while the largest Christian militia in Lebanon appeared to be pulling away from its political leaders, who are attending the peace talks in Switzerland.

The artillery exchanges by Christian and Muslim militiamen tapered off after heavy overnight and early-morning barrages left at least 27 civilians dead and more than 115 people injured. They were the heaviest attacks on residential areas for five weeks, police said.

But an intense gun battle was reported at dusk yesterday between militiamen in the Ras el-Nabr and Barjawi neighbourhoods, which face each other across the "green line" that divides the city into Muslim and Christian sectors.

At mid-morning, four shells fell near the French-guarded crossing, the only route open between the Christian and Muslim sectors of the capital - and created near-panic. Pedestrians dived for cover, and drivers rammed other vehicles in a frantic effort to get away from the traffic bottleneck.

The shelling began soon after President Amin Gemayel gave his opening address on Monday night at the national reconciliation conference in the Swiss town of Lausanne.

The right-wing Christian "Lebanese Forces" militia, which had announced on Monday night that it was shelling Muslim neighbourhoods in West Beirut in retaliation for shelling on the East, yesterday blocked the reconvening of the five-man military security committee set up to police Lebanese ceasefires. The political leaders in Lausanne - including Mr. Pierre Gemayel, father of the Presi-

dent and head of the Christian Phalange Party, and Mr. Camille Chamoun, a former Lebanese President and leader of the National Liberal Party - had asked for reactivation of the committee as part of their efforts to silence the guns here.

The two political leaders, at least on paper, are directors of the Lebanese Front Coalition, under which the Lebanese Forces operate.

But the Lebanese Forces refused to send their delegate, saying in a statement that they had not been consulted in the Lausanne decision to call the committee into session.

The committee was set up after the September civil war here to help oversee ceasefire matters, though it has been inactive in recent weeks. Its members include a Lebanese Army officer as well as representatives from the Christian, Muslim and Druze militias.

As if to underscore further their independence, the Lebanese Forces scheduled a rally in East Beirut yesterday, at which Christian businessmen and others were asked to comment on the importance of the militia to their lives and livelihoods.

AMMAN: Six Muslims and two Christians were elected in lower house by-elections on Monday, in the first voting in Jordan for 17 years, the Government announced here yesterday (our correspondent wires).

A total of 101 candidates had campaigned for seats in constituencies on the East Bank of the Jordan left vacant by the deaths of their incumbents. Voting was not on party lines, as political parties are banned under martial law regulations.

Seats are evenly divided between the East and West Banks, but because of the Israeli occupation empty seats on the West Bank are being filled by the lower house itself.

## German steel workers upset industrial calm

From Michael Binyon, Bonn

A rash of brief strikes in the steel industry has upset the normal calm of German industrial relations and made it clear that the fight over a trade union demand for a 35-hour week will be bitter and protracted.

On Monday, negotiations with union representatives of 124,000 steel workers in south-west Germany broke down after only three hours and IG Metall, the giant steelworkers' union, promptly gave notice of strike action. Talks are due to resume at the end of the month.

More than 2,000 workers from 13 steel plants in Gelsenkirchen, in the Ruhr, began their shifts two hours late on Monday in support of their claims for a five-hour cut in the working week and a wage rise of 3.5 per cent.

The union said the action was successful and police said demonstrations, in which about 2,000 people took part, passed off peacefully.

Both employers and unions have dug in over the demand for a 35-hour week. The unions maintain it is the only way to create a large number of jobs and relieve unemployment. The employers say they cannot afford this without a wage cut.

The arguments have been growing increasingly bitter over the past three months. Chancellor Kohl has described the demand as stupid, and the Government has said it would increase rather than alleviate unemployment.

Officials at IG Metall, the union which has embraced the demand most effectively, said the mood was becoming uglier and more explosive.

Employers backed by the Government have offered the unions early retirement and

## Warsaw's offer on crucifix dispute

Warsaw (AFP) - All crucifixes displayed on school walls will gradually be removed, Mr. Jerzy Urban, the Polish Government spokesman, said yesterday following last week's series of student protests.

Mr. Urban, speaking at his weekly news conference, said authorities would remove the crosses in a "peaceful manner to avoid conflict". Teachers would explain the lay nature of state schools while avoiding taking any "draconian measures".

He blamed "militant clericalists" for last week's troubles, when about 300 pupils at an agricultural school in Mielno, 45 miles south-east of Warsaw, occupied their classrooms to protest against the removal of several months ago of crucifixes put up before the Solidarity union organization was banned.

The occupation was ended after two days but students from the nearby town of Garwolin began a protest pilgrimage to Czestochowa.

The Mielno protest was "not the fault of the students, but an incident organized by militant clericalists, both priests and parishioners, in an excess of zeal," Mr. Urban said. The school would reopen when conditions permitted.

Fatal crash

Pinerolo, Italy (AP) - A general of Italy's paramilitary police (carabinieri) corps and three other officers were killed when their helicopter crashed in a rough mountainous area in the north-west Alps.

In safe hands: Firemen helping to evacuate pupils from a Rome school yesterday, after an intruder killed a caretaker and took a teacher and children hostage. He later surrendered.



In safe hands: Firemen helping to evacuate pupils from a Rome school yesterday, after an intruder killed a caretaker and took a teacher and children hostage. He later surrendered.

## Afghan troops riot and mutiny

From Our Own Correspondent, Delhi

Efforts by the Afghan Government to ease the desperate manpower shortage in its armed forces by extending the term of national service from three years to four have been greeted, according to Western diplomats here, by mutinies, desertions and faction fights in army bases.

The announcement that all non-combatants - that is, those mainly on guard duties in and around Kabul - would have to serve an extra year was made on radio and television last Thursday.

Within half an hour a large-scale gun battle had broken out at the headquarters of the Eighth Brigade in Kaniga, on the western outskirts of the city.

According to some reports the mujahidin guerrillas were attacking the base. If this was the case it was by far the biggest mujahidin raid since August last year, when a notable attack was made on the old fortress of Bala Hissar.

But other reports said that a fight had broken out between different factions in the base, and the mujahidin were at-



Lending an ear: President Reagan listening to instructions on how computers work from school children at Congress Heights primary school in Washington.

## Pretoria 'trying to bypass UN'

## Namibia talks offer rebuffed

From Michael Hornsby, Johannesburg

South Africa's call for a round table regional peace conference on Namibia has met with a generally hostile reception, and it seems to stand little chance of getting off the ground in the first proposed, there is a feeling that Pretoria, carried away by its recent negotiating successes with Angola and Mozambique, may have overplayed its hand.

Both Angola and Swaziland, the South-West Africa People's Organisation, have rejected the conference proposal. Señor Javier Pérez de Cuellar, the UN Secretary-General, has expressed annoyance at the lack of consultation; and even the Americans, South Africa's closest friends in the West, seem to have been embarrassed by the timing and manner of Pretoria's announcement.

The main reason for this reaction is that South Africa is widely suspected of seeking to bypass the United Nations and its long-established independence plan for Namibia, enshrined in the Security Council's Resolution 435.

Instead, Pretoria wants a broader regional peace settlement hammered out in negotiations between the parties directly concerned. Pretoria's proposal

makes no mention of a role for the United Nations.

The other participants in the conference, in addition to South Africa, would be Marxist MPLA Government in Angola, the United movement of Dr. Jonas Savimbi, which is waging a civil war against the MPLA, the Multi-Party Conference (MPC) group of political parties in Namibia, and Swaziland, which has been fighting for Namibia's independence from South Africa since 1966.

In a statement issued on Monday by Angop, the Angolan news agency, Angop declared that it would not sit at the same table as Unita, adding that talks on Namibia must be confined to South Africa and Swaziland, and must be "held under the auspices of the United Nations and based on a search for means to implement Resolution 435".

Mr. Sam Nujoma, Swaziland's leader, takes the same line.

The Americans agree, privately, that an accommodation between the MPLA and Unita is necessary if Resolution 435 is to be implemented because the Angolan Government will be unable to send home the estimated 25,000 Cuban troops

on its soil so long as it feels threatened militarily by the South African-backed Unita.

Pretoria, for its part, says there can be no independence for Namibia until the Cubans go.

Washington appears to feel, however, that the best chance of resolving the related Cuban and Unita problems lies in the delicate bilateral negotiations it has been conducting with Luanda for a year, in which the prospect of American diplomatic recognition and economic aid is being used as leverage.

There is concern that the premature South African move could compromise this diplomacy.

● WASHINGTON: Cuba is seriously considering withdrawing its 25,000 troops from Angola in the event of a formal agreement being reached on the independence of Namibia and a cessation of attacks by South African forces into southern Angola (Nicholas Ashford writes).

A report from Havana in yesterday's Washington Post quotes Cuban Vice-President, Señor Carlos Rafael Rodríguez, as conceding that the prospects for a peace settlement and a Cuban withdrawal have improved.

## D-day for California gay rights

The fate of California's first so-called "gay rights" Bill, which if passed will ban discrimination in job hiring because of sexual preference, hangs in the balance this week.

The state's conservative governor, Mr. George Deukmejian, who has been bombarded with 4,000 phone calls and 5,000 letters a day, has until today to accept or reject the measure.

Hundreds of Bills come across the governor's desk but this one has triggered one of the most violent lobbying free-for-alls ever seen in Sacramento, the state capital. It is the most controversial issue the governor has had to handle during his 14 months in office and he admits it is a difficult one. "I will examine the issue very care-

fully, look at all arguments on both sides, and exercise my honest, best judgment," he said.

"The fact that the governor is struggling is something of a victory," said the author of the Bill, Assemblyman Art Agnos, a democrat from San Francisco, a city with one of the biggest homosexual populations in the United States. "He didn't veto it the first day as an automatic gesture."

Nine years ago Mr. Deukmejian, as the Republican leader of the state Senate, led the opposition to another landmark gay rights Bill. The measure passed and wiped from the books any prohibitions on private sexual conduct between consenting adults.

A spokesman for the governor said the majority of

telephone callers and letter writers are opposed to the new measure. One of the most vociferous opponents is a group calling itself the Family Coalition of California's most ultra-conservative legislators, including Senator John Doolittle. A Republican who warned that the Bill "does represent a strong threat to family life".

The group vows to press for a public vote on the gay rights issue if the governor signs the Bill into law.

Mr. Agnos has angrily denounced his opponents, pointing out that many of them in Sacramento claim to worry about the Bill's effect on the sanctity of the family while carrying on extra-marital affairs.

## Gandhi loses footing on anti-corruption Bill

From Michael Hamlyn, Delhi

The usually sure-footed Government of Mrs. Indira Gandhi appeared yesterday to stumble, allowing itself to seem indecisive on a matter of some importance and to tolerate serious corruption among its supporters. Neither fault would improve Mrs. Gandhi's image in a crucial election year.

The fustian centres on Mr. Abdul Rahman Antulay, the former Chief Minister of Maharashtra. Mr. Antulay was forced from office after a judge found that he had been guilty of corruption, but he still has many friends among the legislators of his home state and in the inner councils of Delhi.

Mr. Antulay remained loyal to Mr. Gandhi during her period in the wilderness after she lost the 1977 elections. His loyalty was rewarded after her return to power when her son, Mr. Sanjay Gandhi, was instrumental in having him made Chief Minister.

He was well liked in the state and regarded as effective in getting things done. But one reason for his success as a politician had been his efficiency as a fund raiser, both for the party and - as it turned out - for himself.

He was forced to resign, but criminal proceedings against him were blocked because state government authorization was needed for a public servant to be prosecuted, and the Maharashtra government was dominated by his supporters.

However, his opponents appealed to the Supreme Court, who recently ruled that former chief ministers - even though they were still members of legislative assemblies - were not public servants and could be prosecuted without state authorization.

His case began this week, but before it did he met Mrs. Gandhi and other party leaders. On Monday the new Chief Minister of Maharashtra, Mr. Sasandada Patil, told the Congress (I) Legislative party in the state that he had been instructed to bring forward legislation which made clear that all members of legislative assemblies were indeed public servants.

Mr. Patil is reported to have then told Mrs. Gandhi he would resign. Mr. Patil has a powerful base in the state, and for him to resign would do the party untold harm.

Twelve lorries have now had their contents destroyed

## Angry Basques destroy eight French lorries

From Richard Wigg, Madrid

Eight French lorries, suspected of transporting fish, were destroyed by fire yesterday as Basque fishermen stepped up their protests before tomorrow's court appearance of two skipper accused of obstructing a French naval patrol in the Bay of Biscay last week. Three of the lorries, however, were carrying scrap metal.

Twelve lorries have now had their contents destroyed

Whether it will bring down the cost of living is an open question. Already people selling other foodstuffs are taking advantage of the scarcity of their own goods. Newspapers reported that chicken, pasta and vegetable prices increases would probably offset any reduction in the cost of beef.

Announcing the measure, the Trade Secretary, Señor Ricardo Camero, said the problem was one of inadequate supply and price manipulation by middlemen. "This (the ban) was not something that had been planned to do. It is just an emergency measure." The ban prohibits the sale of meat in markets and restaurants.

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## EEC farm ministers reach deal to cut milk production

From Ian Murray, Brussels

EEC farm ministers yesterday cleared a difficult but climbable path to the European summit next week by reaching unexpected but essential agreements on agricultural reform. This means that the success or failure of the summit depends exclusively on whether Mrs. Thatcher can wring enough money out of other member states to meet her incessant demand for a fairer deal out of the EEC budget.

Yesterday's agreements are provisional. They are precarious and could easily be overturned by the summit if that meeting goes badly wrong. But they represent the first concrete breakthrough in tackling two of the most difficult and expensive problems to beset the Community - over-production of milk and the Green currency rates which protect farmers against exchange variations.

The agreement on milk is the more far-reaching and important. It imposes quotas on farmers of dairies and would reduce production from the projected 110 million tonnes this year to 98.2 million.

The aim is then to drop production by a further million tonnes and to impose a maximum community production ceiling of 97.2 million tonnes over the following four years.

The farmers would, quite simply, be taxed out of production. Every gallon they tried to sell in excess of 1 per cent above their 1981 production would attract a levy which would make it too expensive for the farmers to market. British

farmers, for example, would have to pay a tax of 60p from the 79.5p they receive for each gallon in excess of their quota.

Because the reference year was fixed as 1981, the deal means that the countries using intensive production methods - essentially Britain, Holland and Denmark - would be hit harder than those countries using more traditional methods, such as France and Belgium. This is because the intensive farming method had increased production faster.

Mr. Michael Jopling, the British Minister, having hailed the deal as historic when he rose wearily from the negotiating table in the early hours, had to brave a lobby of angry British farmers, who accused him of failing to protect their interest.

He told them: "You will hate me but I believe it is right for Britain." He argued that cereal farmers too had to be prepared to accept a cut in income, following four years which had seen their profits rise by 75 per cent.

The one really difficult stumbling block on milk remains the Irish Republic, which has argued for special treatment from the beginning of the negotiations months ago. Ireland says its milk production was artificially low until it joined the Community and that it has not had time to catch up. It insists it must be allowed to increase its production by up to 40 per cent over the next five years and is threatening to veto the whole scheme unless it gets its way.

Percentage cuts in milk production necessary from April 1 in each country under terms of the provisional agreement. Great production could increase by 6.1 per cent because its production has fallen in recent years.

France	2.95	Britain	7.32
Belgium	3.18	Holland	7.54
Italy	5.21	West Germany	7.62
Luxembourg	6.38	Ireland	12.86
Denmark	6.54	EEC total	5.3

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## French farmers react with fury to new quota

From Diana Geddes, Paris

French farmers, the largest milk producers of the EEC accounting for a quarter of its total production, reacted with predictable anger to the agreement on milk quotas reached in Brussels by the Community's agricultural ministers.

M. Francois Guillaume, the president of the largest federation representing French farmers, said he was "appalled". There was no question of submitting to such an agreement if the EEC did not first close the yawning gaps in the system of European preference.

He pointed out that nothing had been decided, for example, on the question of the importation into the Community of vegetable oils, which accounted for half the EEC's total consumption, nor on the importation of 80,000 tons of unwanted New Zealand butter.

He relied on the EEC summit next week "to review this artificial agreement." His words will, no doubt, be reinforced by a group of some 80 young farmers who left Paris last Friday, on a "march for Europe". They are due to arrive in Brussels on the day the summit begins.

Milk is the primary source of income for more than 400,000 French farmers.

The French Communist Party described the agreement on milk quotas as totally unacceptable. "After having reduced French coal and steel production, is the Common Market to dismantle our agriculture too?" M. André Lajoinie, the president of the Communist group in Parliament, asked.

● British hostility: The imposition of a so-called "super levy" on excess milk production, although it had been expected for several months, met with a hostile reception from British farmers' representatives (John Young writes).

Sir Richard Butler, the president of the National Farmers' Union, said it was "too much, too soon" and added that it was particularly harsh on Britain. The dairy industry needed more time to adapt, and he would have preferred a three-year transitional period.

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## Minister to face charge of treason

Tunis (AFP) - The former Tunisian Interior Minister, Mr. Driss Guiga, is to be tried for treason. President Habib Bourguiba made the decision after an inquiry into January's bread price riots.

Although the charges were more than 10 years old, they were brought forward in the wake of the recent bread riots.

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# THE BUDGET

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## Personal taxation

### Most taxpayers will have a rise in their take-home pay

By Lorna Bourke

A 12 per cent rise in personal tax allowances, with a 5 per cent increase in higher rate tax thresholds will leave most, but not all, taxpayers better off.

Hidden taxation in the form of higher National Insurance thresholds, announced last November, mean that some people earning between £12,200 and £13,000 a year will be worse off.

But for many at the top and bottom of the earnings scale, the Chancellor's Budget changes mean a significant improvement in take-home pay. A married couple with two children, a £20,000 mortgage and earning £13,000 a year will be nearly £3 a week better off, even without the higher child benefit which will be paid next year.

Those earning £40,000 or more with a £30,000 home loan will have an extra £8 a week to spend.

The investment income surcharge, which meant an extra 15 per cent tax on investment income over £7,100, is being

abolished at a cost to the Revenue of £360m in a full year.

The surcharge particularly affected the elderly who had saved for retirement out of taxed income and then had to pay the 15 per cent surcharge on the income from their savings.

It was also much disliked by married women obliged to declare their investment income to their husbands who then had to pay the extra tax.

Higher rate tax thresholds have been increased only by the rate of inflation, rather than in line with personal tax allowances. The starting point for higher rate tax has gone up from £14,600 to £15,400, and the top 60 per cent band will start at £38,100, compared with £36,000 for the current tax year.

This differential between the increases in personal tax allowances and higher rate tax thresholds is intended to put more money into the pockets of lower-paid workers.

There have been no con-

cessions on fringe benefits with car tax scales going up by 10 per cent, double the rate of inflation. The Chancellor emphasized that even with these increases, the deemed benefit to the employee is still considerably less than the actual cash value of the benefit.

No moves were made to raise the £8,500 threshold above which fringe benefits are caught by the tax net. This was last raised in 1979-80.

There is also a change in the rule which gave a 25 per cent tax concession on earnings, as long as at least 30 days were spent abroad. This concession is now being cut to 12.5 per cent for 1984-85 and disappears in 1985-86. The Chancellor said he believed the concession was distorting people's work patterns as executives stayed abroad more than necessary, simply to obtain the tax benefit.

For those who stay abroad on business for more than a year there has been no change.



The Chancellor, Mr Nigel Lawson, giving finishing touches to his Budget speech before putting it in the Red Box, to be opened later in the House yesterday. (Photo: Chris Harris)

## Investment

### National Savings limits reduced

By Peter Wilson-Smith

The Government plans to raise £3,000m in the new financial year from National Savings - the same target as for the previous two years.

The decision to extend the composite rate tax system to the banks next year is widely expected to lead to a flood of money moving into National Savings because the Government will have virtual monopoly on savings schemes which pay interest without deducting tax.

The Government also announced yesterday that it is reducing the amount which savers may invest in National Savings Income Bonds and Investment accounts from £200,000 to £50,000. For income bonds the new limit will take effect from tomorrow. For investment accounts, it will come into force in May. However customers whose investments already stand above the new limit will not be affected.

The rates offered on National Savings schemes are highly competitive at present. The investment account pays 11 per cent before tax, while the income bonds pay gross interest of 11.5 per cent.

The twenty-sixth issue of savings certificates, which was introduced last August, offers investors 8.25 per cent tax free, equivalent to 11.8 per cent for basic rate taxpayers and even more for higher rate taxpayers.

## Reaction

### Cheers and jeers from the pressure groups

The Low-Pay Unit welcomed the Chancellor's decision to raise the personal tax allowances by more than the rate of inflation, but said it was not enough to reduce the tax burden on average-income and low-paid families to the levels of 1978-79.

The unit also suggests that the Chancellor has taken back more than half the income tax cuts he has awarded to the low-paid by increasing indirect taxes.

It also criticizes the abolition of the investment income surcharge and the reduction of stamp duty for home buyers, at a time when the Government is planning to cut housing benefit for the poorest families.

**'Fine for wealthy pensioners'**

Help the Aged was also critical, saying it was a "give-and-take Budget if you happen to be one of the better off pensioners who drinks wine and rides around in an invalid car which runs on paraffin."

It added: "Benefit will rise only in line with prices, which leaves pensioners with no increase in real terms. The small saver with a bank deposit account will now be drawn into tax."

The raising of tax thresholds will bring some relief to retired people with part-time jobs or occupational pensions. The car

tax relief for war pensioners and the disabled hardly compensates for the fact that once again the Chancellor has missed opportunities to help the pensioner.

**CBI welcomes end of tax on jobs**

But the Budget changes were welcomed by the Confederation of British Industries, whose director-general Sir Terence Beckett, said: "Most of the things we asked for have been given." He added: "Final removal of NIS - pernicious jobs tax - is very welcome indeed, as are the reductions in stamp duty, the removal of investment income surcharge and improved tax arrangements for share options."

"The VAT changes on imports and on construction are problems, as are the tobacco increases and removal of relief on life assurance, all of which will need careful examination, as do the corporation tax changes."

**'Great news for home buyers'**

The raising of the stamp duty threshold from £25,000 to £30,000 was the best news that housebuyers have had for a long

time, according to the Royal Institution of Chartered Surveyors.

It said: "This will offer great encouragement to the housing market. It will not only give a boost to the first-time buyers market, but will effectively reduce duty payable on the more expensive property."

"With proposal to levy an overall rate of 1 per cent above £30,000 simplifies the tax structure, but does little to abolish the sharp jump in duty payable at the threshold level."

But the institution said the Chancellor's proposal to apply VAT to building alterations was far less welcome. "This will significantly increase the cost to home owners of extending and improving their homes. The RICS has long urged the need for the abolition of VAT on repairs to buildings and it deplores the Government intention to extend this tax."

**Takeaway food tax disappoints**

There was also disappointment about the Government's proposals to charge VAT on hot takeaway food and drink.

The Wimpy hamburger chain said the tax would tend to "hit the lower paid, the young, and those of the public who find modern fast food service a major convenience. Investment in the high streets was creating many jobs."

**VAT on building work condemned**

The Royal Institute of British Architects also condemned the decision to extend VAT to building alterations.

It said: "Making building alterations liable to VAT will reduce the volume of work carried out. It will also encourage the black economy which can mean corners being cut and lower quality building work."

"Although the changes in stamp duty and development land tax are welcomed, we do not believe that they will compensate for this new tax on the industry."

**False economy fear on property upkeep**

Paint makers had a similar complaint. Mr Michael Levete, director of the Paintmakers' Association, said: "It is a matter of regret to property owners and to tax and ratepayers that the Chancellor has not seen fit to remove building maintenance expenditure from the effects of VAT."

"The Paintmakers' Association has recently accumulated powerful evidence which shows that maintenance is being widely neglected for short-term cost savings, particularly in the national and local government sectors."

## Friendly societies

### Aggressive selling leads to curb

By Margaret Drummond

The Chancellor limited the privileges of registered friendly societies after concern that several new organizations were marketing policies aggressively in order to take advantage of the special tax concessions.

Only married couples or single people with dependants can take out a policy with a tax-exempt friendly society, which invests the premiums in a tax-free fund. Previously the tax-exempt societies were allowed to write business up to £2,000 sum assured - a monthly premium of £20. From today the limit is reduced to £750.

At the same time the rival mixed-business societies, previously restricted to a £500 limit on tax-exempt business will have the same higher limit as the tax-exempt societies.

One reason for the change, which will not affect the 300,000 existing policy holders in friendly society schemes, is the number of new organizations that have come into the

market in recent years in order to exploit the tax situation. Friendly societies were originally designed as mutual self-help organizations.

Another reason for the change is the Chancellor's desire to put all savings on the same fiscal basis. Although new friendly society policy holders lose the tax relief on premiums paid, they will continue to enjoy the benefits of the tax-exempt policies, but at the new lower level.

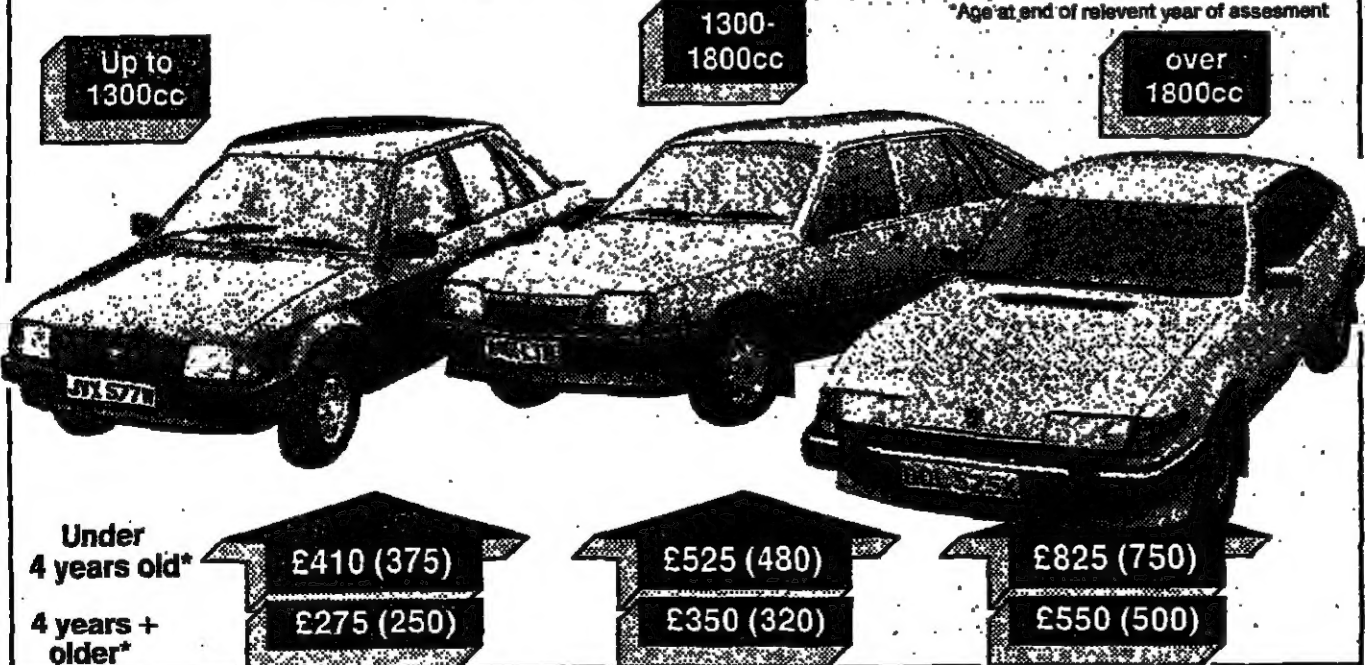
**Motorist's bill up £18.50 a year**

The increases in motoring taxation were no more than expected, but were still difficult to swallow and would add an extra £18.50 to the average motorist's annual bill, the Automobile Association said.

The increases in vehicle tax and petrol would particularly affect those who have to use their cars for getting to and from work.

## TAX ON CAR BENEFITS 1985-86 (1984-85 figures in brackets)

Cars with original market value up to £17,500 (£16,000)



**Brake on perks:** The company car came in for its annual Budget-bashing with the taxable benefits for fuel and car increased by 10 per cent for the tax year 1985/86. (Ian Griffiths writes).

But the Chancellor said that the

taxable benefit was still far less than the benefit received. This differential is slowly being eroded.

The car scales, introduced in 1977/78, are reduced by the amount

an employee spends for his personal use.

The tax on car and fuel benefits is mainly collected via employees' personal tax codes, which are adjusted each year.

## Timber rules tightened

One of the Budget proposals removes any ambiguities arising in the taxation of commercial woodlands, as a result of the case of Russell v. Hird and Mercer in the High Court last year. Under this proposal, anyone who has use of woodlands for the purpose of felling and removing timber in connection with his trade, for

example, a timber merchant, will not be regarded as the occupier for tax purposes. Occupiers are liable to tax under schedule B, and since tax is calculated on the unimproved value of the land, it works out at little more than a pittance. Timber merchants, in contrast, are taxed on their annual profits.

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Each  
Thursday

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Information  
Please telephone  
Stanley L. Marek  
on 01-278 9162



NATIONAL SAVINGS  
INCOME BOND

## MAXIMUM LIMIT

Notice is hereby given, in accordance with paragraph 4(2) of the National Savings Income Bond prospectus, that with effect from 15 March 1984 the maximum holding limit for Income Bonds will be lowered from £200,000 to £50,000.

Issued by the Department for National Savings on behalf of HM Treasury.

Note: From 15 March 1984 applications to purchase National Savings Income Bonds will not be accepted where the applicant's holding is at or above the new limit, or where acceptance would result in the applicant's holding being above the new limit. Holdings already in excess of £50,000 on that date may remain invested.



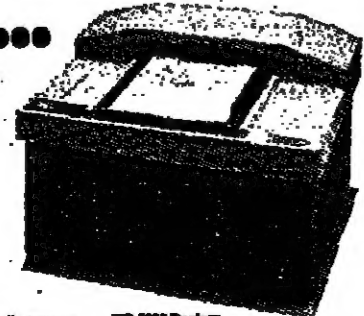
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## PUBLIC RECORD OFFICE, KEW

Continuing problems with the air conditioning system mean that the Public Record Office at Kew will remain closed to the public until further notice.

Information on progress may be obtained from the office by telephoning 01 876 3444, but intending readers are advised not to make plans at present to visit Kew.



## THE BUDGET

## Income tax and personal finance

## Stamp duty on shares and homes

## Compromise cut responds to Stock Exchange pressure

By Graham Searjeant, Financial Editor

In response to pressing pleas from the City, the Chancellor has halved the rate of stamp duty which must be paid on the transfer of stocks and shares by the purchaser, from 2 per cent to 1 per cent. The new rate applies immediately for all Stock Exchange transactions.

The move will be warmly welcomed on the Stock Exchange, but is something of a compromise. Purists had asked for the duty to be abolished altogether; the Stock Exchange pressed for a rate of 0.5 per cent. However, Mr Lawson has instead put the rate on domestic stock and share transfers at the same level as that charged for purchases by overseas residents.

Even so, the move is relatively costly, losing an estimated £160m a year in tax revenue. The Chancellor has

resisted any temptation to extend the stamp duty to government securities, which could easily have increased his revenue overall, partly because this would inevitably have increased the cost for companies which raise loan issues, which are also free of stamp duty on transfers.

Companies will in any case be disappointed that no change has been made to the capital duty on the issue of new capital, although the Chancellor had indicated that he may come back to tackle such technical changes in stamp duty later.

The cut in stamp duty will encourage active share ownership, but its main impact will be on the City and particularly on the Stock Exchange.

Stamp duties on stocks and

shares have raised some £335m in the present financial year at minimal costs of collection. However, the Stock Exchange's long-running campaign against the tax has gained renewed momentum for two reasons.

First, the discrimination between government stocks - which were not liable to the duty - and shares, made little sense at a time when the Government wanted to help private sector financing, while encouraging individuals to buy shares. Secondly, the 2 per cent duty made the London Stock Exchange uncompetitive with other exchanges around the world in an increasingly international business, where big investors at home and abroad make their deals in the cheapest centre.

The existing lower 1 per cent duty on purchases of shares from abroad recognized this, but merely led to blocks of shares in British companies being built up and traded in New York and elsewhere. The abolition of exchange controls both in Britain and abroad and the rapid spread of electronic links between financial centres ensure this trend towards a "world market" will continue.

The Stock Exchange has now made its own efforts to cut its lending costs to big institutional investors by agreeing to abolish fixed commissions before the end of 1986. Given such changes, a cut in stamp duty to 0.5 per cent was seen by the Exchange as necessary to make it competitive.

## Cheaper, simpler levy helps most buyers

By Vivien Goldsmith

Buying a house has been made cheaper for nearly everyone by the Chancellor's raising of the threshold at which stamp duty is payable from £25,000 to £30,000 and the halving of the basic rate of duty from two per cent to one per cent.

The Chancellor has abolished the stepped system of duty and replaced it with a straight one per cent levy on purchases over £30,000.

Previously, stamp duty was levied in bands from 0.5 per cent for purchases from £25,001 to £30,000, one per cent on those between £30,001 and £35,000 and 1.5 per cent from £35,001 to £40,000, when

the maximum levy of two per cent came into operation.

The entire cost of the transaction was chargeable at the highest rate, so small differences in purchase price could lead to a large difference in the stamp duty due.

This was thought to encourage deals between house purchasers and vendors to transfer part of the purchase price to "fixtures and fittings" to keep the transaction in the lower stamp duty band.

The flat rate system trumps out the jerky jumps in duty and takes away the incentive to keep transactions within set limits.

The new duty will mean that 90 per cent of first time buyers will escape stamp duty altogether and 70 per cent of all house purchases will be exempt. It will cost the Chancellor £290m in 1984-85.

Officially, the change takes place on March 20 but any house purchase completed today or after will be stamped at the new rates. Only purchases which have already gone through will be stamped at the old higher rate.

The average house in Britain costs £28,500 and would have been subject to stamp duty at 0.5 per cent - that is £142. Now it is free from all stamp duty. In

London, the average house costs £37,000 and would have been subject to stamp duty at 1.5 per cent - that is £555. Now duty is £370.

The Chancellor has closed the loophole allowing some people to avoid duty altogether by exploiting a loophole which exempted agreements for leases with more than 35 years to run. These will now be liable for duty.

The changes mean that many people will pay less. Those making purchases of between £30,001 and £35,000 will experience no change. Nobody will have to pay more.



Percentage gain: Most house buyers will benefit from flat rate duty.

## Investment income

## Surprise abolition of 15% surcharge

By Graham Searjeant, Financial Editor

The Chancellor has gone far beyond most City hopes in helping people who live off investment income by abolishing altogether the 15 per cent investment income surcharge which they have had to pay over and above the ordinary rates of income tax.

The move was seen by the Chancellor as offering help to small businessmen who retire without any pension and must therefore live on the income from investing the proceeds of selling or at least withdrawing from employment in their own business.

However, it will also prove of enormous benefit to the rich and particularly the idle rich who have now received a tax benefit comparable in scope to the reductions in the top rates of earned income tax in the 1979 Budget.

The change could have a profound effect on the way rich people invest their money, removing a good deal of their present incentive to choose investments that offer capital gains rather than income.

The change which will operate from April 1, is reckoned to cost £350m a year for a full year, though, because the tax is paid in arrears, it will only knock about £25m off state revenue in the coming tax year.

By contrast, the Chancellor has disappointed expectations of further reforms to capital gains tax. He has increased the annual limit for tax-free capital gains by the rate of inflation from £5,500 to £5,600. In addition, the gains tax exemption for retired people who dispose of shares in their own businesses will double from £50,000 to £100,000 as originally envisaged in the pre-election Budget and backdated it to April 1983.

Holders of company debentures and loans will also now enjoy the same relief from capital gains tax after one year of ownership already enjoyed by holders of government debt.

However, the Chancellor has indicated that there will be a discussion document on the future of capital gains tax and that he will return to the subject in next year's Budget.

The attempt by Mr Lawson's predecessor, Sir Geoffrey Howe, to index capital gains after April 1983 for tax purposes produced enormous complexities, mainly because of the provision that indexation should start only a year after new purchases.

This provision, designed to leave out short-term stock and share dealing, is seen as a deterrent to wider share ownership, because its complexities can outweigh its financial advantages and the new-style tax has been highly unpopular with the City and professional advisers.

The Chancellor has been lobbied to allow indexation from purchase, to index gains made before 1982, to cut the rate of tax and to abolish it altogether.

Full abolition would have cost about £600m a year, with the proceeds of the stock exchange boom still to come.

It was also widely expected that he would at least increase the 1983-84 exemption of the first £5,300 of capital gains per year by more than indicated, simply on inflation in the past year.

The investment income surcharge was introduced after the income tax system was reformed and the old two-ninths relief for earned income abolished. It became extremely unpopular in the years of maximum tax rates under the last Labour Government, when 83 per cent top income tax rate plus the 15 per cent surcharge left wealthy people facing a 98 per cent nominal tax rate. But the cuts in top tax rates and the exemption of the first slice of income have since eased this problem.

The first slice of investment income exempted from the surcharge has been progressively raised. In 1979, it was lifted from £1,700 to £5,000 and amalgamated with the special relief for retired people.

Adjustment for inflation during 1983 would have lifted the exempt income from £7,100 to £7,476.

In the current year, the surcharge was estimated to raise £290m.

## Calke Abbey

By John Young

## Historic house for nation

Calke Abbey, in Derbyshire, is to be purchased for the nation and handed over to the National Trust, Mr Lawson announced.

The Treasury has agreed to accept the house and part of the estate in lieu of tax, understood to be about £2m out of a total tax debt of more than £8m. The National Heritage Memorial Fund has been further allocated grants from the Exchequer of £1,300,000 in the present financial year and £5m next year, of which about £3,500,000 will be earmarked

for repairs and future maintenance.

The Trust estimates that it needs some £3,600,000 to repair the house and prepare it for opening to the public and a further £4,400,000 for an endowment fund to meet future costs. It is expected to receive about £1m from the new Commission for Historic Buildings and Monuments, together with an undisclosed contribution from the trustees of the house's former owners, and plans to raise the balance through a public appeal.

## Capital transfer tax

## Maximum rate cut from 75% to 60%

There are no fundamental reforms to capital transfer tax, but drastic changes on the rates at the top of the scale offer relief to the rich which are substantial enough to change the way millionaires look at their tax-planning and the disposition of their estates.

The most important change is that the top rate of capital transfer tax, which applied until now to all transfers on death of more than £2.6m has been cut from 75 per cent to a new maximum rate of 60 per cent. This means that the intermediate rates of 65 and 70 per cent which applied on estates valued between £700,000 and £2.6m, have also been abolished in favour of the new 60 per cent overall maximum rates.

This change is in line with the Government's general philosophy, as demonstrated in the 1979 income tax reforms, that any rate of tax above 60 per cent is oppressive and causes distortions.

A second important change for the wealthy is that the tax

CAPITAL TRANSFER TAX RATES ON LIFETIME AND DEATH TRANSFERS					
		1983-84		1984-85	
		Lifetime Scale	Death Scale	Lifetime Scale	Death Scale
nil to £80,000		nil	nil	nil to £84,000	nil
£80,000 to £80,000	15%	30%	15%	£84,000 to £85,000	15%
£80,000 to £110,000	17.5%	35%	17.5%	£85,000 to £116,000	17.5%
£110,000 to £140,000	20%	40%	20%	£116,000 to £148,000	20%
£140,000 to £175,000	22.5%	45%	22.5%	£148,000 to £185,000	22.5%
£175,000 to £220,000	25%	50%	25%	£185,000 to £232,000	25%
£220,000 to £270,000	30%	55%	27.5%	£232,000 to £285,000	27.5%
£270,000 to £700,000	35%	60%	30%	£285,000 and over	30%

rates for gifts (above the £3,000 per annum tax-free limit) in future will be half the rate on estates all the way along the scale. Until now, the lifetime rate was half the rate after death up to £220,000 but more than half at higher levels.

There have been no unexpected changes in the starting points or bands for capital transfer tax which have simply been raised by the rate of

inflation. The net effect is that there is little difference at the bottom of the scale but a lifetime gift rate of 30 per cent and a rate of tax on death of 60 per cent apply to all transfers of more than £285,000.

Apart from allowing wealthy families to keep more of their money, the changes could have one important implication. By

cutting the top rate of tax on gifts within a person's own lifetime from 50 per cent to 30 per cent and at the same time widening the difference between the treatment of lifetime gifts and transfers after death, capital transfer tax had been subtly restructured to encourage more of the wealthiest people to hand on their money to the next generation during their lifetime.

## MPs' expenses

## Ironing out the anomalies

Members of Parliament could do worse than most out of the Budget because of a change in the way their expenses are taxed.

At the moment MPs for constituencies outside the inner London area are given an allowance of up to £5,163 a year for staying away from home.

The figure (144 times the £42.80 allowed to top civil servants for a single night's subsistence in London) is subject to regular review by the Top Salaries Review Body. It is also taxable.

MPs have, however, been allowed to claim a deduction against their income for expenses "wholly, exclusively and necessarily" incurred in performance of their Parliamentary duties. Until now, there has been no limit on the amount that they could claim.

If some MPs have been claiming more expenses than they could take in allowances, it will be to no avail in future if the Chancellor's proposals go through.

He is suggesting that the Additional Costs Allowance

should cease to be taxable and members should no longer be able to claim deductions against their Parliamentary salaries for expenditure incurred on the performance of their Parliamentary duties.

MPs of modest aspirations, who manage to live within their allowance, will do well out of the proposed changes. Those members can elect to have the new rules applied to earlier years for which assessments have not yet become final and conclusive.

## Reactions mixed

## Two cheers from employers

The Chancellor's budget proposals were welcomed by the Confederation of British Industry and the Institute of Directors. However, another employers' organization, the British Institute of Management, had "grave doubts" that the Budget would give manufacturing industry a boost.

The CBI's Director-General, Sir Terence Beckett, said: "Most of the things we asked for have been given. Final removal of NIS - the jobs tax - is very welcome indeed, as are the reductions in stamp duty, the removal of investment income surcharge, and improved tax arrangements for share options."

"The VAT changes on imports and on construction are problems, as are the tobacco increases and removal of relief on life assurance, all of which will need careful examination. So do the corporation tax changes."

The Institute of Directors thought the Budget got "two cheers from business."

"The Chancellor deserves praise for raising tax thresholds, abolishing the investment income surcharge, im-

proving share incentives, and starting the long-overdue great debate on public spending," it said in a statement.

"We also applaud the continuing reduction in the PSBR, with its favourable consequences for lower inflation and interest rates. But the Chancellor is gambling on economic growth to provide resources for future tax cuts."

"Apart from the welcome but overdue publication of the Green Paper on public expenditure and taxation, there is no indication that spending is to be reduced in real terms to allow a planned programme of tax cuts and that is what the Government is supposed to be committed to."

The BIM had little enthusiasm for some of Mr Lawson's measures.

"Britain's managers have grave doubts that the Budget changes in company allowances would give British manufacturing industry the boost it desperately needed," said its director-general, Mr Roy Close.

"I do not think that the net result of the Chancellor's Budget can provide the level of

investment required in the private sector. It certainly offers nothing in the public sector, which has been neglected too long," he said.

However, BIM welcomed the NIS abolition, which would help industry, and also the planned cut in corporation tax.

The Retail Consortium said it welcomed the Budget because the Chancellor "recognized the important part consumer spending had played in the economic recovery so far."

Raising tax thresholds would do much to maintain this.

The Budget will do nothing for the economy, said Mr Len Murray, the TUC General Secretary.

"The Chancellor may be cheerful, but there will be few cheers for the four million people without jobs."

Mr Terry Roydon, president of the House Builders Federation, said the Budget was "a fillip to house purchasers."

"Personal tax changes have put money into their pockets and the change in stamp duty will help first-time buyers, 90 per cent of whom will now be exempt from this tax."

## Stock relief

## Inflation cushion abolished

By Ian Griffiths

As part of his general theme to reform the business tax regime, the Chancellor has announced the abolition of stock relief, which was one of the ad hoc measures introduced by the last Labour government to mitigate the impact of inflation on the stocks held by manufacturing companies.

"No stock relief will be granted for increases in stock values after this month. The Chancellor gave no indication that relief which has already been granted will be clawed back."

The change will have its biggest impact in the manufacturing sector, where it has been a major source of benefit, particularly in times of rapidly rising stock prices. The short-term impact on some companies with high stock levels could be quite significant.

Stock relief allowed companies to offset the inflation element of price increases in stocks against their tax liability. It has been tampered with over successive budgets and was seen by many as unwieldy to manage and of little benefit with inflation running at only 5 per cent.

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## Working abroad

## Britons' relief rights curbed

By Our City Staff

British residents working and trading abroad for less than 365 days in a year will lose the tax relief on that part of their incomes and emoluments earned overseas from the start of the financial year 1985-86. But the full relief for people working abroad for 365 days or more remains.

Under the existing provisions, British residents working abroad for 30 days or more in a year can claim relief at the rate of 25 per cent on their earnings during that period.

But it is proposed that the relief on employees' incomes be reduced to 12.5 per cent in the financial year 1984-85, and that it will then be abolished altogether.

The Inland Revenue estimates that some 50,000 people will be affected by the change. That includes the self-employed as well as employees. A person carrying on his or her own trade or business in Britain, and who previously claimed 25 per cent relief on income made overseas, will be subject to the same cuts in relief over the same period. People who are resident in Britain but carry out all their business overseas are likewise affected.

Assessment for incomes of all these categories of people is normally made on earnings from the previous year. So in 1984-85 seven-eighths of the 1983-84 profits will be charged (or seven-eighths of losses carried forward) and in subsequent years the full amount will be charged.

Capital allowances will be cut from a quarter to an eighth before abolished in 1985-86.

The Inland Revenue also proposes to publish a consultation document on rules governing travel expenses borne by employers of people working abroad.

It is proposed that any changes that are necessary will be added as clauses to the Finance Bill.

## Foreign workers

## Clamp down on tax benefit

Foreign employees of overseas companies who are working in Britain will lose concessions which have meant that their tax rates are lower than British residents, under proposals put forward by the Chancellor, Mr Nigel Lawson, in his Budget speech yesterday. Some 50,000 people are likely to be affected.

The Inland Revenue estimates that this measure, along with a complementary one designed to end a loophole by which British residents claimed relief on earnings made while abroad for more than 30 days and less than 365 days in a year, will yield about £15m in earnings in the financial year 1984-85, rising to £60m and £70m in emoluments for 1984-85, and to £100m towards the end of the decade.

Present provisions allow employees of foreign companies to claim a 50 per cent deduction from income before being liable to tax. Employees resident in this country for nine out of the last 10 years qualify for a 25 per cent deduction. There are also changes to special rules for golden handshakes.

Mr Lawson proposed, however, that people entitled relief on Budget Day for income earned in 1983-84, under the nine years out of 10 rule, should lose relief for 1984-85 and for following years.

For those previously entitled to the 50 per cent deduction, the rate of relief will be halved for 1987-88 and 1988-89, and will be withdrawn completely from 1989-90.

Workers who have already agreed to take up jobs in Britain but who have not yet arrived will be subject to lower deductions, culminating in abolition of the relief as though they were already working in the country.

Golden handshakes which previously also benefited from a 50 per cent deduction before tax was payable will from today be taxed on their full amount.

## Old tax system revived

## Fillip for executive share option scheme

By Graham Searjeant, Financial Editor

Companies which want to reward top executives by helping them to build up capital gains linked to the performance of their employers' shares received a fillip when the Chancellor reverted to the old system of taxing any profit made on exercising an option as a capital gain attracting a maximum tax rate of 30 per cent rather than income, with a possible tax rate of 60 per cent.

However, this concession will only be applied to options given to employees to buy shares in their companies after April 6 this year and only to share option schemes approved by the Inland Revenue. Existing options are unaffected, except that income tax liability can be spread over 5 years instead of three.

At the same time, the Chancellor has doubled the limit for general employee Save as You Earn option schemes first introduced under the 1980 Finance Act. The maximum eligible saving rises from £50 to £100 per month from the date to be announced later this year.

In a related minor concession, the Chancellor has increased the limit for tax-free long-service testimonials from £10 to £20 per year of service from today.

General savings-related share option schemes for employees were introduced under the 1980 Finance Act. These allow employees to take out a Save-as-You-Earn contract to buy shares in their company at a fixed price. Any profits from the difference between the price of the shares when the option is exercised and the price under the contract are free of income tax, though there can be a liability to capital gains tax.

However, the qualifying Save-as-You-Earn contracts have been limited to £50 a month. The CBI and other managerial lobbies have argued that under these circumstances it was reasonable to treat discretionary executive share option schemes more favourably.

Many executives have continued or been started since the tax privileges were removed. Some felt that treating option profits as capital gains might still be too politically sensitive for firms to regard it as permanent and that the less controversial concessions of longer periods to spread income tax and/or allowing firms to deduct the cost of executive share options from their taxable profits would be of more help to companies trying to help senior executives build up capital.

## Poor families

## Escape from poverty trap

The increases in personal tax allowances above inflation will lift some 10,000 families out of the poverty trap, according to the Department of Health and Social Security.

That was welcomed, but criticized as "not sufficient to make real inroads into the problem" by Mr Chris Pond, director of the Low Pay Unit, who said some 160,000 families were caught in the trap where loss of benefits, combined with taxation as earnings rise, can lead to little or no gain in net income.

The Child Poverty Action Group said that for the same cost as the extra increase in tax allowances, the Chancellor

could have raised child benefit by nearly £2, instead of the 35p that spending plans anticipate. That would have concentrated the help on families with children, who were those most affected by the poverty trap.

Mr David Hobman, director of Age Concern (England), said that pensioners had "been forgotten" in the Budget. He asked what had happened to the Government's promise that pensioners would benefit from improvements in the economy.

The Spastics Society welcomed the decision to give vehicle excise relief on cars for the disabled but was "deeply disappointed" that there had been no move towards giving charities relief from VAT.

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# Excise duties and value added tax

## THE BUDGET

### Excise duties

## Fillip for wine trade, but beer drinkers and smokers suffer

By Derek Harris, Commercial Editor

Sales of beer, spirits and tobacco are expected to shrink at least for a time in the wake of the Chancellor's excise duty changes.

There are now fears that sales declines could bring a further wave of job losses particularly in tobacco manufacturing, with a threat to tobaccoists.

The Chancellor's 18p price cut on a bottle of table wine is expected to create a new surge in wine drinking.

The overall wine market in Britain grew by nearly a tenth last year. Sparkling wine rose by almost 13 per cent. Table wines were up more than 12 per cent.

The table wines have gained the new advantage because the Chancellor has moved to meet a European Court ruling that table wine's tax burden should be eased so it is nearer to that on beer.

Adding 2p to a pint of beer and lopping off a bottle of wine instantly eased the ratio.

The wine price reduction is likely to give a particular boost to sales of wines in boxes, trade reports suggest. About 12 per cent of table wine sales are already accounted for by wine boxes. A three-litre wine box will see a reduction of around £1.10.

Sparkling wines do not share the advantage of table wines under the EEC ruling, and rise by 10p a bottle. The same increase applies to fortified wines like port and sherry.

A strong warning on the effects of raising beer prices by more than 1p to offset inflation went to the Chancellor only last week from the Brewers' Society.

Its chairman, Mr Charles Tidbury, estimated that for every additional 1p on a pint, above the 1p accounting for inflation, sales were likely to drop by 1 per cent.

Britons drank a little more beer last year - the market was up 1.3 per cent - but the brewers put this down to the exceptional summer. The underlying trend in sales was already down before the Chancellor added the new tax burden of 2p a pint, the industry claimed.

The Chancellor was also faced with a decision whether to deal more fairly on taxation as between beer and cider which carries about a third of the tax burden on beer. In the event he added 3p a pint to ciders of similar strengths to beer.

The addition of 10p to a bottle of Scotch with comparable increases for other spirits is seen as an inevitable threat to sales, particularly as trade increases are also expected shortly.

Distillers have been expected to add 15p to 20p a bottle at the shop counter. But the tax increase on spirits is much smaller than had been anticipated: indexation for inflation would have meant adding almost 38p a bottle.

Distillers welcomed the Chancellor's news that the Italians will stop discriminating against Scotch imports through high rates of Value-Added Tax. Italy is Britain's fourth biggest Scotch market and exports there may now be expected to rise.

Last year exports to Italy were up by about 1 per cent.

In Britain, spirits sales flagged most of last year but towards the year end there were improvements which have so far been sustained.

Health lobbyists had urged the Chancellor to add 20p to a packet of cigarettes. Instead the impost was 10p on a packet of 20. A rise to have taken account only of inflation would have meant adding 3.5p.

The downward trend in cigarette sales is now expected to accelerate and there are growing fears in the industry that soon more production lines will be closed and jobs lost.

BAT, with brands like State Express, Du Maurier and Ardath, last month announced a partial withdrawal from the British market with a loss of 1,840 jobs. Four weeks earlier Carreras Rothman had announced a factory closure with a loss of 1,200 jobs.

Taxes are also up on cigars, with 6p to 7p being added to a packet of five "whiffs" or ten miniatures.

Loose-packed tobacco for hand-rolling cigarettes rises by 15p for a 25 gramme pack, an increase more in line with made-up cigarettes.

But pipe tobacco, which attracted no additional tax last year, again escaped an increase. Nearly half of pipe smokers are men aged 60 and over.

Retail stocks of spirits, tobacco and beer, which normally allow offers at pre-Budget prices to continue for some weeks, are this year lower than usual.



Cheers to the Chancellor: Mr Lister Fielding, managing director of Victoria Wines, excise duty on a bottle of wine (photograph: Suresh Karadia), celebrating the 18p cut in

### Takeaway food

## Fish and chips to cost more

By Jeremy Warner

Indian and Chinese takeaways, the traditional British eat-out meal of fish and chips and American style hamburgers will all cost about 15 per cent more as a result of the Chancellor's decision to charge Value Added Tax on hot takeaway food and drink.

The tax, which comes into effect on May 1, will cost the takeaway industry about £125m in the current financial year, and as much as £200m in a full year, the Treasury estimates.

The Chancellor said takeaway food increasingly competed with that served in restaurants, so did not deserve tax privileges.

But the decision was described as "very disappointing" by the McDonald's hamburger chain.

The decision has to be seen in the context of the Chancellor's wish to broaden the VAT base by removing the zero-rating on some goods and services.

But cold foods, such as sandwiches, will not be affected, so there is likely to be considerable confusion in takeaway outlets which serve both hot and cold foods.

### Petrol tax

## Diesel keeps price edge

By David Young, Energy Correspondent

The Chancellor has increased petrol prices by marginally more than the oil companies cut them at the start of their present price war a month ago, and has retained the traditional price advantage of diesel fuel.

Prices of four-star will rise by 4.5p a gallon to an average of 184.1p, which compares with the average of 183.7p before Esso announced its price cut on February 9.

The new prices will be posted at the pumps when new deliveries made after today go on sale. Britain's motorists will still have the second-cheapest petrol in the European Community after West Germany.

Diesel will rise by 3.5p a gallon, taking its prices at the pumps up to anything between 165p and 170p a gallon, retaining its competitive edge over petrol to the relief of the major motor manufacturers, who now all make diesel-engined vehicles and are actively promoting the cost benefits of diesel cars.

Several oil companies had feared that the recent price cut would encourage the Chancellor to increase petrol prices by more than the inflation rate. They expected an increase of as much as 8p a gallon.

The change in the tax means that with four-star petrol aver-

aging 184.1p motorists are now paying more than £1 per gallon in tax. The petrol companies receive 74.6p a gallon, the petrol station operator 7.5p and the Government 102p. Petrol first broke the £1 a gallon barrier in 1979.

A BP Oil spokesman said last night that as the price rise had been fixed at the rate of inflation no significant fall in demand was expected.

The abolition of the 1p a gallon duty on paraffin for home heating is described by the oil companies as insignificant. Paraffin sells at between 130p and 140p a gallon,

### Home repairs

## Builders furious over VAT change

By Jeremy Warner

Home improvement and building companies were up in arms last night over the Chancellor's announcement that the Government intends to start charging value-added tax on all alterations made to buildings.

The Builders' Employers' Confederation described the measure as deplorable and draconian and the Householders' Association promised a

prolonged campaign to get the decision reversed.

All improvements to the home, including the installation of central heating and double glazing, will from the beginning of June become liable to the full 15 per cent VAT rate.

Previously it was only repair and maintenance work which was charged. But from June even alterations to existing civil

engineering work will be liable to VAT. The measure will be worth about £250m to the Exchequer in 1984 and £450m in a full year.

The Builders' Employers' Confederation said that even the Chancellor's decision to put 10p on the price of a packet of cigarettes piled into insignificance against the penal effect of the VAT measures on its members.

### Vehicle tax

## Higher duty for heavy lorries

By Michael Bailly, Transport Editor

The average motorist will pay out an extra £20 a year as a result of the rise in road tax from £85 to £90 and in petrol tax of 48p a gallon.

More significant in transport terms is the surprising way the Chancellor has contradicted the advice of a recent Department of Transport study by loading more tax on to heavier lorries and reducing the burden on lighter ones.

Vehicle excise duty on lorries up to 7½ tonnes drops from £150 to £130; rises on 12 to 16 tonnes from £780 to £850; on 32 tonne articulated vehicles from £2,290 to £2,450; on 38-tonners from £2,940 to £3,100; and on four-axle rigid of about 31 tonnes from £1,990 to £2,100.

The Chancellor has loaded an extra £52m a year on to lorry tax, whereas the Department of Transport, in a recent study suggested that lorry tax should actually be reduced by about £57m, with heavier lorries the least penalized.

All the new measures should marginally benefit British Rail.

The Freight Transport Association said last night: "We are not happy at all that tax on an essential service to the national economy has been increased when the Department of Transport recently advised it should be reduced."

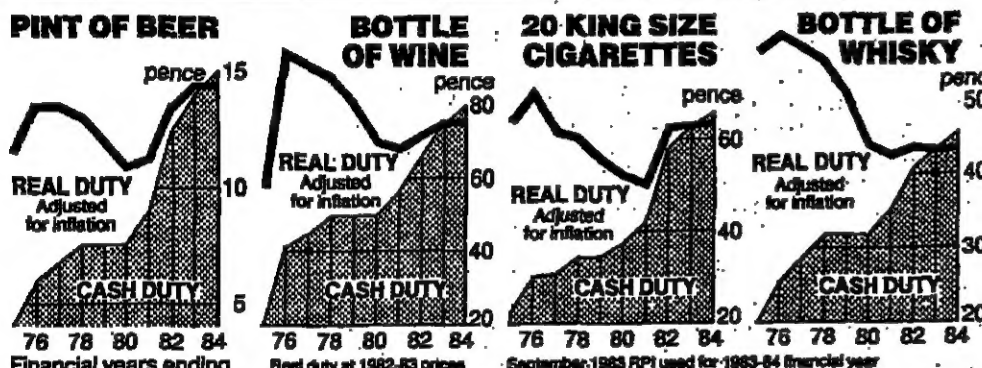
The Road Haulage Association opposed the measures "quite inexplicable".

Lorry tax has been a highly contentious issue for years, with lorry operators objecting to being over-taxed, and environmentalists arguing that the tax burden should be heavier.

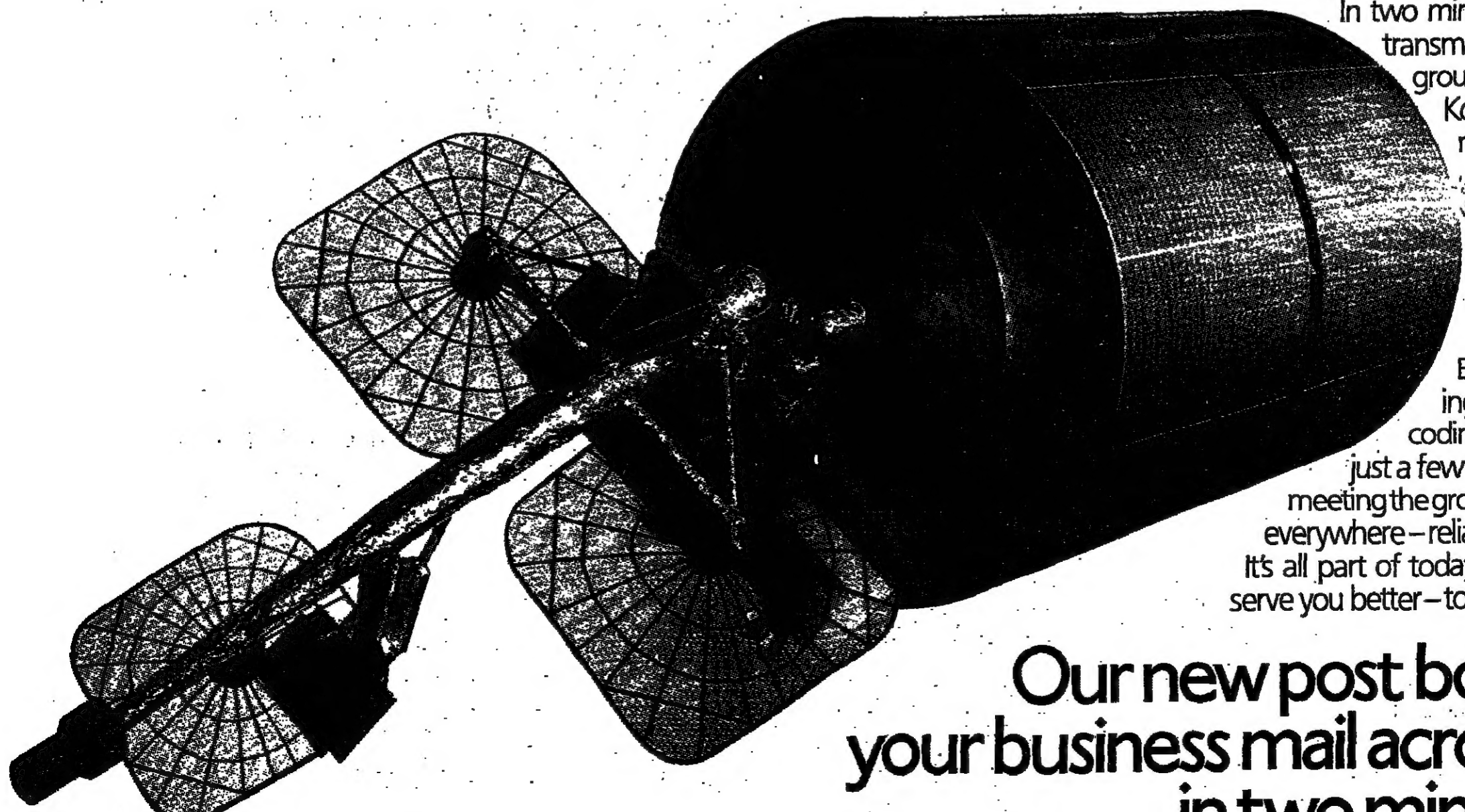
The matter should have been settled by the impartial Armitage Report in 1980 which found that while lorries generally paid more in tax than they generated in track costs (by £40m a year), the heaviest vehicles paid too little (by up to £800 a year each) and should pay more.

Although taxes on heavy lorries have been raised by £1000 a year the environmental attack continues, fuelled by the rapidly rising cost of repairs to Britain's crumbling motorways.

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## THE BUDGET

## Business taxation and incentives

## Tax relief

## Chancellor abolishes concession of life insurance premiums

By Jonathan Clare

The Chancellor of the Exchequer yesterday abolished income tax relief on life insurance premiums, a move which has removed a concession which has existed since 1853.

The removal of tax relief will herald a return by the life insurance companies to traditional protection policies rather than investment schemes. But the expected adverse effect on the companies' ability to market their policies without attractive tax benefits is unlikely to have any significant effect on the companies' profitability.

The Chancellor's move will abolish the 15 per cent tax relief available on most life insurance policies where premiums do not exceed £1,500 or one-sixth of a person's income. It will not affect existing policies. The removal of tax relief will also affect endowment mortgages.

The Chancellor also intends to plug a loophole in the "roll over" provision in the Taxes Act, 1970, which allowed high rate taxpayers to take profits from life insurance policies without a tax liability. During the last two years, two companies had marketed life insurance packages designed to exploit this defect.

The change was universally condemned yesterday by the life insurance industry, which will be forced to rethink its marketing strategies.

The Chancellor may believe that people will invest in shares instead but the likelihood is that savers will become more conservative because they will have to rely on their own judgment rather than a professional investment manager.

The decision could be counter-productive for the Government because life insurance companies buy long-term gilts. If the insurance companies raise less money, the Government may find it difficult to fund its spending unless it offers very attractive terms.

The life companies' premium income will inevitably fall off until the industry develops new marketing methods.

The removal of tax relief will affect the consumer more than the companies, although it will substantially cut the flow of new business in the short term. However, Dr John Ginnar of the stockbrokers Quillier Goodison, said that Australian experience had shown a fall in new strategies were changed. "Tax relief is not the only reason for

buying life insurance", Dr Ginnar said.

The effects on dividends paid by the quoted companies will be negligible, even with a very substantial fall in new business. Changes in the level of new business achieved by the life companies takes many years before it affects profitability or the ability to pay dividends, by which time new types of policy will have been developed.

The removal of tax relief will remove one of the marketing edges for endowment mortgages, which have become big business for the life companies since the introduction of Mortgage Interest Relief at Source (MIRAS).

The absence of relief could increase the cost of a typical 25-year endowment mortgage by £4.25 to £165.25 per month.

Tax relief on life insurance was introduced by William Pitt the Younger in 1799, along with income tax, to help pay for the war with France. Both were scrapped after the Napoleonic wars in 1816.

Income tax was reintroduced in 1842 by Robert Peel but relief on premiums did not return until 1853. Like income tax it has been a feature of financial life ever since.

## Composite tax

## Banks dismayed by inclusion in system

By Peter Wilson-Smith, Banking Correspondent

The Chancellor dismayed the banking community by confirming the Government's decision to extend the composite rate tax system to the banks by forcing them to deduct tax from interest payments.

The Committee of London Clearing Banks reacted with predictable anger, accusing Mr Lawson of robbing the poor to benefit the rich.

At least three million bank customers who are non-taxpayers will in future pay tax at around 25 per cent on their savings interest.

The decision, to take effect from April 1985, brings banks into line with building societies, which can only pay interest after deducting tax.

The composite rate for banks will not apply to non-residents or to corporate bodies. Certificates of deposit and time deposits of £50,000 or more will also be excluded.

The Chancellor conceded that the composite rate system could have disadvantages to non-taxpayers, but said the advantages outweighed them. It was much simpler for customers and would save about £100 million in revenue.

The banks have long argued that the composite rate system gave building societies an unfair advantage and should be abolished - not extended to them.

There are particularly angry that National Savings will still be allowed to pay interest without deducting tax.

## Oil tax

## Boost for the North Sea

By David Young, Energy Correspondent

The tax concession to encourage enhanced oil recovery schemes will be announced next year after study by the Department of Energy. But it will be backdated to yesterday in order to prevent the delay of schemes being planned by the oil companies until the tax concessions are announced.

The Chancellor, aware of the industry's demands from his days as Energy Secretary, has given the industry the neces-

sary tax encouragement for programmes to boost oil recovery from the North Sea.

The industry now admits that last year's Budget gave more than they had realistically hoped and therefore kept representations this year to achievable levels.

There had been fears in some quarters that the Chancellor would "claw back" some concessions made last year on exploration.

## Development areas

## Allowance exemption to benefit Nissan project

By Edward Townsend, Industrial Correspondent

The exemption of development areas from the phased withdrawal of first-year capital allowances is to prevent some large projects being abandoned.

Without the package of assistance, including capital allowances - available to all investments in employment blackspots and deprived areas - many companies would have second thoughts.

The Chancellor's transitional arrangements, however, allow companies offered selective financial assistance under the Industry Act, as well as regional development grants, to receive first-year allowances at the previous rate.

One key investment to which the exemption could apply is Nissan's plan to build a car factory. The project, involving an investment of £350m, will attract more than £100m in state aid.

The exemption covers the expenditure to which selective assistance applies, and covers projects on which offers were

## Bonds

## Parity with gilt-edged securities

By Ian Griffiths

The Chancellor has sprung a surprise in his treatment of bonds. Corporate bonds will in future be exempt from capital gains tax to being the treatment in line with that afforded to holders of gilt-edged securities.

He has also introduced some of the measures from the 1983 Budget which had to be dropped because of the General Election last year.

These included provisions on Eurobond interest which will permit companies to pay interest on bearer bonds without deduction of tax if the bonds are quoted on a recognized Stock Exchange in the UK. If the bonds are quoted overseas the interest must be paid to an overseas paying agent or paid through a UK paying agent where the beneficial owner is a UK resident or where the bond is held in a recognized clearing system.

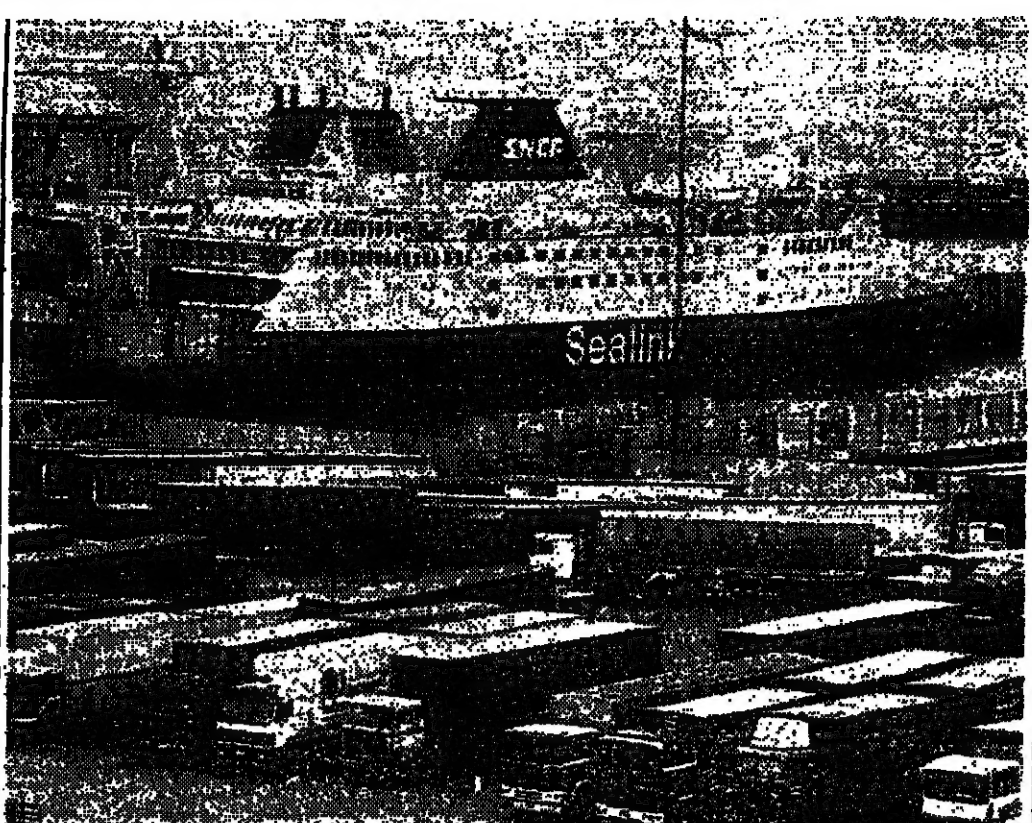
The rules governing relief for interest will be amended to allow companies to obtain relief for interest paid gross. The proposals on deep discounted bonds have also been restored.

The new rules will apply to stock issued at a deep discount (the difference between the issue price and that payable on redemption) where the discount is more than 0.5 per cent a year over the life of the stock, or more than 15 per cent overall.

The discount will be treated as income in the hands of the bondholder but will accrue over the life of the stock.

The new legislation will apply to bonds issued at a discount after yesterday's Budget.

Also reintroduced is the proposal on acceptance credits. Where a trading company raises short-term finance by means of bills of exchange accepted by a bank the discount it suffers on the bills was allowed as a trading expense. The Finance Bill will contain a clause to extend the relief to cover certain cases where it is not already available - for example where the company is an investment company raising finance for its trading subsidiaries. Relief will also be given for the incidental costs of raising such finance. The relief will be backdated to April 1, 1983.



Collecting VAT on imports could worsen delays at ports such as Dover. There will also be increased traffic before the measure takes effect.

## VAT on imports

## Period of grace is ended

By Jeremy Warner

A big change in the way value added tax is collected on imports - which business leaders fear could add £1.5 billion to their yearly tax bills - was announced in the Budget.

The Government has decided to end the 11-week period of grace that importers get before they have to pay VAT. This will bring them into line with VAT on goods where VAT becomes payable one month after something is purchased.

The cost to business of

charging VAT as soon as the goods are imported rather than 11 weeks later will be high since businesses will face extra financing costs in paying their bills earlier.

The issue has been hotly debated both within the Confederation of British Industry and the National Economic Development Council in recent months. The favoured solution was that the 11-week period of grace should have been extended to domestic buyers as well but the cost to the

Exchequer of such a move would have been immense.

There is an inbuilt bias against buying British in the present system, the exponents of change have argued. But the CBI points out that the British economy is heavily dependent on imports. Sir Terence Beckett, its director general, has been quoted as saying: "At a time when we are facing severe international competitive pressures, the cost burdens on companies should be reduced, not increased."

## National Insurance Surcharge

## 'Pernicious tax on jobs' abolished

By Edward Townsend, Industrial Correspondent

The abolition of the National Insurance Surcharge in October will mark the end of a three-year battle, spearheaded by the Confederation of British Industry, to eradicate what has been unanimously condemned throughout business and commerce as an indefensible tax.

However, many industry leaders feared that they would have to wait, possibly until the end of next year, for abolition.

The CBI, while still calling for the death of what the Prime Minister considers to be the "pernicious tax on jobs", gave it a lower priority than a general stimulus to capital investment in its pre-Budget proposals. Moreover, the Institute of Directors preferred wide-ranging cuts in income tax to the ending of the NIS.

However, it is clear that businessmen made a good case for the eradication of the NIS and, after the 2.5 per cent cut made by the Conservatives, it will now be only seven months until the final 1 per cent disappears.

The NIS is now seven years old, having been introduced in 1977 by Labour's Mr Denis Healey, then Chancellor, as part of his emergency package to prop up the pound. It rose to

3.5 per cent, but has been reduced progressively since 1982.

There had been fears that a lower NIS would prompt bigger wage rises, but last year the CBI said that two-thirds of previous cuts had been used to reduce prices and increase competitiveness in the face of low-cost imports.

In its Budget submissions, the CBI said abolition of the NIS was the most immediate way of helping competitiveness without fuelling inflation. It added: "This surcharge holds back business competitiveness, squeezes profits and thus discourages provision for the future, adds to prices and discourages employment."

The CBI estimated the cost of abolition for 1984-85 at £900m. The full-year cost was put at £1,000m, assuming that the savings on the sums paid by central and local government on its own employees were clawed back.

The NIS cost employers £1,670m in 1983-84 on top of their national insurance contributions of £10,310m. Employees' national insurance contributions in 1983-84 were £9,210m and will rise this year to £9,880m.

## Land tax

## Exemption limit raised

By Adrienne Gleeson

The first £75,000 of the development value of land realized within a financial year will be exempt from development land tax from April 1, under the Budget proposals.

The exemption applies at the moment only to the first £50,000.

When the development is undertaken for the landowner's own use, liability for the tax can be deferred. Previously the deferral applied only to developments which are started before April 1, 1984, but the deadline has now been abandoned. Liability which has been deferred normally becomes payable when the property ceases to be used for the qualifying purpose. Under the Budget proposals, however, if the tax has not become payable within 12 years of the start of the development, the contingent liability will be wiped out.

Two other clauses have, as forecast, been resurrected in the latest proposals. Development land tax may, in future, be paid in 10 annual instalments, rather than 8, but the facility for making half-yearly payments is being withdrawn. The machinery for collecting the tax when land in the UK is sold by a non-resident owner is to be improved.

## Corporate taxation

## Substantial reform includes cut in capital allowances

By Ian Griffiths

The Chancellor has instructed one of the most substantial reforms of corporate taxation which the business community has seen for some time. It includes a cut in capital allowances, abolition of stock relief and a phased reduction in basic rate corporation tax.

The aim of the business tax package is to reduce the bite on profits, lower the tax subsidy given to certain types of investment, thereby reducing the distortions which are an incentive to wasteful investment, and shift corporate finance from borrowing towards equity.

Corporation tax, at present 32 per cent, will be cut to 30 per cent for the 1983 financial year and will be reduced in 5 per cent stages to reach 25 per cent in 1986.

This will cut the difference between corporate and personal mainstream tax charges to only 5 per cent and will mean that most companies which pay dividends will cover the bulk of their tax bill through advance corporation tax payments.

The small companies rate of corporation tax which affects those companies with pretax profits of £100,000 or less each year is to be cut from 38 per cent to 30 per cent of profits. The new rate of tax will take effect from the 1983 tax year and will be fixed at the new 30 per cent rate for 1984, 1985 and 1986.

For those companies whose profits fall between £100,000 each year and the £500,000 profits level at which full rate corporation tax is due, the tax charged on a company's income is reduced by a fraction of the difference between £500,000 and the company's profits.

The Chancellor proposes that this fraction will change from 7/200 at present to 1/20 in 1983; 3/80 in 1984; 1/40 in 1985; and 1/80 in 1986.

The phasing out of capital allowances will come as a blow to many manufacturing companies, although the transitional arrangements will encourage a flood of investment in the next 12 months.

The 100 per cent first year allowances are to go and any expenditure incurred after today will receive only a 75 per cent allowance. Expenditure incurred on or after April 1, 1985, will get a 50 per cent allowance, reducing to nil after April 1, 1986.

## First-year allowance move hits clearing banks

By Peter Wilson-Smith, Banking Correspondent

The decision to phase out first-year allowances is likely to have a serious impact on the £3b a year leasing industry.

It will also hit the big clearing banks which have used leasing as a way of sheltering tax and deferring the tax payments they make to the Exchequer. The leasing subsidiaries of the big four clearing banks account for about two-thirds of the leasing market.

A spokesman for the Committee of London Clearing Banks said yesterday that the changes in capital allowances



Business as usual: The structure of aid for small businesses remains largely untouched.

## Small businesses

## Farms lose tax support

By Andrew Cornells

The Chancellor proposed no fundamental changes to the existing framework of small business aid schemes, apart from taking the widely expected step of excluding farming from the business expansion scheme.

The scheme was introduced in last year's Budget to encourage investors to put money into unquoted companies for a five-year period. It offers tax relief at full marginal rates for individuals investing up to £40,000 in companies which qualify for support.

Most trades are eligible, except those connected with dealing in land, shares and commodities, leasing, banking, insurance and financial services. The Government proposes to add farming to the list of excluded trades, because

the scheme was intended to encourage investment in high risk businesses and farming is not one.

Apart from this minor change, the Government plans to let the scheme settle down for a while before making any further adjustments.

The Chancellor was also under pressure to extend the Loan Guarantee Scheme, which guarantees that banks get back 80 per cent of any loans made to small firms entering the scheme which fail.

The present scheme expires in May and the small business lobby was looking for it to be extended. No mention of this was made in the Budget speech and it now seems likely that a discussion paper on the future of the scheme will be published before the May deadline.



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## Focus on The Times Classified

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Prospects for the economy

# Medium-term drive aims at cutting inflation to 3%

Inflation has come down to levels not experienced in the United Kingdom since the 1960s. There has been a steady recovery in output for almost three years. The aim over the medium term is to continue reducing inflation and to build on recent improvements in the performance of the economy. The Government therefore intends to continue with present policies. The medium-term financial strategy sets out the framework within which policy operates.

Fiscal policy is designed to be consistent with the monetary framework and the Government's objectives for inflation. Falling monetary growth and inflation require a further reduction in the PSBR as a share of g.d.p. to permit interest rates to fall in nominal and real terms.

Lower cost and price inflation within a given financial framework makes room for faster growth of output and employment. The reduction in inflation achieved so far has been an important factor in the strong growth of output the UK is now experiencing, ahead of other European countries. The continuing low rate of inflation indicated by the MTFS will also provide the macro-economic environment for a sustained improvement in the supply side of the economy, towards which the Government's micro-economic policies are directed.

Further improvements in productivity and moderation in pay will lead to higher levels of output and employment. In spite of recent improvements, there is still a substantial gap between the level of productivity in the UK and that in other major industrial countries. The Government will continue to encourage enterprise, efficiency and flexibility by increasing incentives, promoting competition, improving the working of markets, and pressing ahead with privatisation.

Monetary conditions have been broadly consistent with the objectives indicated last year. Of the three target aggregates, M3 has grown well within the 7-11 per cent target range in the year to mid-February 1984. The growth of M1 has been at the top of the range. Although the growth of PSL2 has been above the top end, since the summer its growth too has been within the range. Other evidence, including the behaviour of narrower measures of money, also supports the view that conditions have been satisfactory.

The effective exchange rate has remained broadly flat. Nominal short and long term interest rates have continued to fall from their peak in 1980-81, after a short interruption at the end of 1982; but with inflation lower too, real rates remain fairly high.

## Targets

The Government will continue to pay attention to both broad and narrow measures of money. In the past two years, differences in the behaviour of M1 and the broad aggregates were not expected to be very large, which is why in the last two versions of the MTFS they could be encompassed within the same target range. But in general, separate target ranges for broad and narrow money are more appropriate, particularly as the period of the MTFS is extended.

A new five-year medium term financial strategy, designed to achieve a reduction of inflation to 3 per cent by 1988-89, is the centrepiece of this year's Financial Statement and Budget Report (the Red Book), which also paints a cheerful picture of the economic outlook.

● The Treasury expects growth this year of a little over 3 per cent, slightly higher than it forecast last autumn, with consumer spending, investment and exports all more buoyant than previously predicted. But the economy is expected to expand more slowly, by 2.5 per cent, in the year to mid-1985.

● Inflation is expected to fall steadily from a little above 5 per cent now to 4.5 per cent by the end of 1984 - unchanged from the Treasury's autumn forecast - and 4 per cent by mid-1985.

● People's incomes, buoyed by the income tax cuts announced in the Budget, are likely to rise by 3 per cent this year. Employment is expected to grow but higher numbers of people looking for work means this may not translate into a lower level of jobs.

● The current account of the balance of payments is projected to run a surplus of £2 billion this year, the same as last year, falling to £1 billion at an annual rate in the first half of 1985. Last autumn the Treasury forecast the elimination of the payments surplus this year, but the strengthening world economy should boost exports.

● The medium term financial strategy envisages declining money and public borrowing targets over the five years to 1988-89. Instead of a common target for the three money measures, M1, sterling M3 and PSL2, the Chancellor has decided to target a new measure of narrow money, Mo (mostly notes and coins) and retain sterling M3 as the sole target measure of broad money. The target range for Mo falls steadily from 4-8 per cent in 1984-85 to 0-4 per cent in 1988-89; that for M3 from 6-10 per cent (from 7-11 per cent in 1983-84) to 2-6 per cent in 1988-89.

● Public sector borrowing is projected to fall to £7.25 billion or 2.25 per cent of national output in 1984-85 from £10 billion (3.25 per cent) in 1983-84. In subsequent years a constant £7 billion PSBR represents a declining proportion of output, edging down to 1.75 per cent in 1988-89.

● The strategy builds in room for big tax cuts worth £10 billion in later years by 1988-89. This would be enough to cut the basic rate of income tax by 10p to 20p in the pound. It assumes economic growth of 2.25 per cent annually over the next five years.

● North Sea oil revenues are forecast to peak in 1984-85 at £10 billion and then fall gradually to £9 billion by 1988-89. Both the short-term forecasts and the medium term strategy assume "no major change" in sterling's effective exchange rate from the 1983 average of 83.3 (1975=100).

As in previous versions of the MTFS, the monetary ranges give a broad indication of the objectives of monetary policy for a number of years. But the ranges for 1984-85 are targets. The target for broad money is 6-10 per cent, the range indicated in last year's Financial Statement. The target for narrow money in 1984-85 will be 4-8 per cent. As in previous years, the 1984-85 targets apply to the annual rate of growth over the 14 months beginning in mid-February 1984.

## Revenue growth

Illustrative ranges for the following four years are shown in table. Targets for the later years will be decided nearer the time.

Broad and narrow money will have equal importance in the assessment of monetary conditions and interest rates. As in the past the authorities will take into account all the available evidence, including the exchange rate.

In the past three years, the PSBR has been significantly lower than in 1979-80 and 1980-81. It has averaged less than 3½ per cent of money GDP compared with over 5 per cent in the earlier years. This has been consistent with recovery in the real economy mainly because of the reduction in inflation and interest rates. Expenditure by both companies and households has risen as a result. In the case of households there has been an associated fall in the savings ratio.

The PSBR in 1983-84 is now forecast at £10 billion, equivalent to 3½ per cent g.d.p. This is as forecast in the Autumn Statement, but nearly £2 billion higher than expected at the time of the 1983 Budget. Local authority borrowing seems to

have been running much higher than expected, and central government expenditure, particularly on non-cash limited programmes, has exceeded last year's forecasts.

The growth of government revenues in cash terms over the medium term will depend on the growth of incomes, spending and prices, as well as policy decisions. General government receipts are projected to rise by about 34 per cent between 1983-84 and 1988-89, a little less than the growth in total money GDP. Government revenue from the North Sea is expected to fall in both real and nominal terms after 1984-85 as North Sea output falls, but this is more than offset by rising revenues from the growing non-North Sea economy.

The PSBR for 1984-85 is forecast to be £7¼ billion, equivalent to 2¼ per cent of GDP slightly below the figure assumed a year ago and in the Autumn Statement. The fiscal projections show further small reductions in the proportion of GDP in subsequent years, to 1½ per cent in 1987-88 and 1988-89. The figures after 1984-85 are illustrative, and decisions about the appropriate PSBR in particular years will be taken nearer the time.

For the period to 1986-87, the fiscal projections are based on the public expenditure plans shown in the Public Expenditure White Paper, updated where necessary to take account of Budget measures. For 1987-88 and 1988-89, no public expenditure decisions have yet to be taken and the projections assume that the public expenditure planning total remains unchanged in real terms. Similarly, no decisions on asset sales in 1987-88 and 1988-89 have been taken.

## Green Paper on public spending

# Pegging expenditure for a decade

By Jonathan Davis Financial Correspondent

Public spending will need to be held to its present level in real terms for the next 10 years if the tax burden is to be brought down to the levels of the early 1970s. Even 10 years of economic growth at 2 per cent a year will not allow taxation to drop to its 1960s level if it is accompanied by any real growth in public spending.

This is the central conclusion of the long-awaited Green Paper on public spending which Mr Lawson published yesterday alongside his Budget proposals. The 34-page discussion document is described by the Treasury as "a novel and important" contribution to the debate on longer-term public spending problems, although it is a more restrained document than many expected the Treasury to produce.

The paper starts by chronicling how public spending has risen over the past 20 years both in real terms and as a share of national income. Since 1963-64 it has roughly doubled in real terms. In cash terms it has risen

from £10bn to a projected £139bn next year. As a percentage of it has risen from 36 per cent 20 years ago to 46 per cent now, though this is lower than the peak of 48 per cent reached in 1975-76.

Tax rates and national insurance contributions - the tax burden - have increased from 29 per cent in 1963-64 to 34½ per cent five years ago and 38 per cent now. The burden on the lower paid has risen substantially.

This increase in taxation has had a serious impact on Britain's economic performance, the paper says. It will not be easy to keep spending in check over the next ten years. The document outlines several sources of future pressure for higher spending, such as the growing number of pensioners, the disabled and public service pay and pensions.

If health spending stays constant in per capita terms over the next ten years, spending will need to rise by

one per cent a year just to keep pace with changes in the population.

"The Government hopes that the main theme of this Green Paper will remain at the centre of the debate that to break away from the debilitating pattern of the past in which public spending and taxation took an ever larger share of our national product, we must establish a clear view of what can be afforded: set out spending plans accordingly; then stick to those plans."

There should be no general presumption that higher public spending is inevitable to meet the needs of the sectors that are putting pressure on longer-term spending "given the scope for switching from public to private sectors and for improved efficiency within the public sector."

The Treasury's latest projections are much less alarmist than those made two years ago when the then Chancellor, Sir Geoffrey Howe, warned the Cabinet that income tax might

have to rise by 15p in the pound to pay for higher public spending if the economy grew only slowly. The now defunct "think tank", the Central Policy Review Staff, told ministers that only a wholesale assault on the welfare state would provide the necessary savings.

By publishing the Treasury's outline thinking on long-term public spending the Chancellor is hoping to avoid the political storm which blew up after the contents of the earlier papers were leaked to the press in the count-down to the general election.

The Treasury has also been sensitive to criticism that its earlier document was overly pessimistic, perhaps deliberately so to scare spending departments into agreeing to savage cuts in programmes. Now that the projections suggest a more cheerful view the Treasury's enthusiasm for the exercise has clearly waned - one reason for slipping them out with the Budget when the spotlight will be focused elsewhere.



## Conclusion

To achieve the ultimate objective of stable prices with lower interest rates, the declining trend in monetary growth and public borrowing will need to be maintained beyond the MTFS period. And to bring about progressive reductions in taxation at the same time, the expenditure has to remain under tight control.



Last month's Public Expenditure White Paper set out in detail the Government's plans on the level and make-up of public spending to 1986-87. These plans mean that public expenditure should remain broadly level in real terms for the next three years.

## Borrowing

The level of nominal g.d.p. in 1983-84 is estimated to have been about 2½ per cent higher than expected a year ago, mainly reflecting revisions to figures for previous years. Growth of money g.d.p. in 1984-85 and 1985-86 is now projected to be a little lower than assumed last year, reflecting lower inflation. The projected PSBR is ¼ per cent lower as a proportion of g.d.p. in 1984-85, and unchanged in 1985-86.

In 1984-85 and 1985-86 no shortfall is now expected on the public expenditure planning total, which is virtually unchanged from the last year. In both years debt interest payments are expected to be somewhat higher than previously estimated, and this is reflected in higher general government expenditure. The projection of general government receipts takes account of the Budget measures. In 1984-85 tax receipts are expected to be about £1½ billion higher. This is the result of the Budget measures, estimating changes and North Sea revenues, which are now projected to be £2 billion higher as a result of higher production and sterling oil prices. The projection of tax receipts in 1985-86 is about £1½ billion lower than a year ago, due mainly to budget measures.

# Growth prospects for mid-1985

Activity in total has been rising since the first half of 1981. The 3 per cent growth rate estimated for 1983 was sufficient to bring about some recovery in employment but not so far a fall in unemployment. There was a further fall in inflation and rise in profitability in 1983, despite slightly faster growth in import prices.

Inflation rates have again fallen more quickly than generally expected. Competitive pressures at home and abroad have continued to exert a strong downward influence on prices and costs. A slow downward trend in British inflation is expected, with RPI growth forecast at 4½ per cent at the end of 1984 and 4 per cent by mid-1985.

The growth in GDP is

Public Sector Expenditure, Receipts and Borrowing, 1983-84 to 1989-90				
(percent of GDP at market prices)				
	1983-84 est.	1984-85	1988-89	1993-94
1. Public expenditure planning total	39½	38½	35½	34½(1)
2. Net debt interest	3½	3½	2½	1½
3. North Sea revenues	3½	3½	2½	1½
4. Non-North Sea taxes	38½	38½	33½	33½(1)
5. Other net receipts	1½	1½	1½	1½
6. PSBR (1+2-3-4-5)	3½	2½	1½	1½

(1) Assumes that GDP grows at 1½ per cent a year between 1988-89 and 1993-94 and public expenditure at 1 per cent. Alternative assumptions would yield the following figures:

	GDP growth = 1½%	GDP growth = 2%	GDP growth = 1½%	GDP growth = 2%
Public expenditure planning total	34½	33½	32½	32½
Net-North Sea taxes	3½	3½	3½	3½

## Short-term Economic Prospects

		Forecast	Average errors from past forecasts*
A. Output and expenditure at constant 1980 prices			
Per cent changes between 1983 and 1984:			
Gross domestic product (at factor cost)	8	1	
Consumers' expenditure	8	1	
General Government consumption	-1	1½	
Fixed investment	8½	2½	
Exports of goods and services	8	2½	
Imports of goods and services	7	2½	
Change in stockholding (as per cent of level of GDP)	1	1	
B. Balance of Payments on current account			
£ billion:			
1983	2	2	
1984	2	2	
1985 first half (at an annual rate)	1	1	
C. Public Sector Borrowing Requirement			
£ billion (in brackets per cent of GDP at market prices):			
Financial year 1983-84	10 (2½)	10 (2½)	
Financial year 1984-85	7 (1½)	7 (1½)	
D. Retail Prices Index			
Per cent change:			
Fourth quarter 1983 to fourth quarter 1984	4½	4½	
Second quarter 1984 to second quarter 1985	4	4	

## World Economy

		Per cent changes on a year earlier				
		Average 1975-82	1982	1983	1984	1985 First half
GDP*	8	-1	2	4	4	3½
Prices* (consumers' expenditure deflator)	7½	6½	8	4½	4½	
World trade in manufactures (weighted by UK markets)	4	-3	1	5	4½	

\* Major 6 overseas countries (US, Japan, Germany, France, Italy, Canada).

		£ billion, cash					
		1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
General government expenditure		132.4	130	140	132	167½	161½
General government receipts		122.1	128½	128½	146½	156½	164½
Fiscal adjustments from previous years		-	-	-	-	2	6½
Annual fiscal adjustment		-	-	-	2	4½	3½
GGBR		10.3	10½	8	7½	8	7
Public corporations market and overseas borrowing		-1.4	-1	-1	-1	-1	-
PSBR as % of GDP		9.5	8	6	5	5	5
Money GDP at market prices		281	304	328	350	371	382

## Ranges for Monetary Growth

		Per cent change during year				
		1984-85	1985-86	1986-87	1987-88	1988-89
Narrow money-M00(1)		4-8	5-7	2-4	1-5	0-4
Broad money-M200(2)		6-10	5-9	4-8	3-7	2-6

(1) Weekly averaged stock.

(2) New definition: including public sector deposits.

With the UK economy and other major economies expected to expand together, and with no major changes forecast for commodity prices, the balance of payments should remain in surplus. A growing contribution is expected from trade in services and from income accruing from the build-up of overseas assets.

The rapid recovery of the US economy has slowed a little but there is increasing evidence of an upturn in Japan and Europe. Inflation remains low, above all in the US, Germany and Japan. A fall in Opec imports depressed world trade last year in spite of large rises in imports into North America. But by the second half of 1983 world imports may have been 4 per cent higher than a year earlier.

Output growth in the US at the end of 1983, though less than in the previous half-year, was sufficient to keep unemployment falling. In Europe output was increasing by the end of last year, after two years of stagnation, but unemployment is still rising. The US recovery is expected to moderate while the European recovery should strengthen. Growth in the developed world as a whole may average 3-4 per cent in 1984 and the first half of 1985.

Reductions in imports by non-oil developing countries seem largely to have ended by early last year. Improvements in export revenues helped by higher prices of many commodities should allow some recovery in imports. In Opec countries, however, the fall in both price and volume of oil exports reduced income further and led to a large drop in imports in 1983. With export revenues likely to remain low, import growth is likely to be slow over the next year or so.

The exchange rate and the balance of payments: For the purpose of this forecast it is assumed that the effective exchange rate will be near to its average last year. The prospect for inflation, which takes account of this assumption about the exchange rate, suggests that over the forecast period there will not be any substantial difference between inflation rates in Britain and in the average of our major competitors. On this basis cost and price measures of competitiveness may change little over the forecast period following the recovery that occurred in 1982 and 1983.

Prospects for export growth depend mainly on continued growth in world trade in manufactures, which may be of the order of 5 per cent this year. In addition, the recovery in price and cost competitiveness in 1982 and 1983 may contribute a little to the growth in exports. Recent indicators of an improved trend include recent trade figures - exports of goods in the three months January were 5.5 per cent higher by volume than in the preceding three months - and the CBI surveys indicating continuing optimism on export orders. Total exports of goods and services are expected to be about 5 per cent higher in 1984 than in 1983.

Domestic demand for manufactures is expected to grow strongly in 1984, though possibly by less than in 1983. There may be some fall in the growth of imports of manufactures. Total imports of goods and services may grow slightly faster than in 1983, given the unusually low levels of imports of fuels and services in 1983. Domestic demand expanded faster in Britain than in most other countries in 1983 and so, despite a further rise in oil production, British imports rose faster than exports and the surplus on the current account of the balance of payments fell from £5½ billion in 1982 to an estimated £2 billion in 1983.

With the strengthening of the world recovery, the balance of trade in manufactures can be expected to decline less in 1984 than in 1983. Part of this decline should be offset by upward trends in net trade in other goods and services. In addition there should be higher

earnings from interest, profits and dividends helped by the growth in British assets abroad and by the strengthening of the world recovery. Overall, the current account is expected to remain in moderate surplus in 1984 and the first half of 1985.

## Inflation

Inflation rates fell during 1983 to their lowest levels since the late 1960s. The 12-month increase in the Retail Prices Index dropped below 4 per cent in the spring - partly reflecting factors such as good harvests - and falls in the mortgage rate and the average level of prices for the year as a whole was up only 4.6 per cent on 1982. In January 1984 the RPI was 5.1 per cent higher than a year earlier; the Tax and Price Index, which takes account of the direct tax reductions in the 1983 Budget, was 4.3 per cent up on a year earlier.



Price inflation as measured by the GDP deflator may be under 5 per cent in 1984-85 as a whole. After allowing for the budget measures, the annual rate of increase in the RPI may stay a little above 5 per cent for the first half of 1984, before falling to 4½ per cent by the fourth quarter. A slowdown during 1984 is expected in the rate of food prices; while the nationalised industries' component should continue to rise more slowly than prices in general (see Table 3.3). The slow downward trend in inflation is forecast to continue in 1985.

The growth in GDP since the trough in 1981 has reflected a recovery in domestic demand. The slowdown in stocks eased in the second half of 1981 and subsequently. The low point for fixed investment was in the second half of 1981; since then, both public and private investment have risen at about 5 per cent a year in 1982 and 1983. Consumers' expenditure rose by 3½ per cent in 1983, continuing the recovery which started in mid-1982. Helped by lower-than expected inflation, public spending on goods and services rose by over 3 per cent in volume terms in 1983.

On the basis of further increases in real take home pay and in employment and taking into account the effect of the budget measures, real personal disposable income may rise by up to 3 per cent in 1984. While further increases are expected in non-durable consumption, the very fast growth of durables expenditure is likely to moderate.

## Unemployment

Unemployment levelled out during the second half of the year while vacancies and over-time increased. The trend in unemployment was affected by the continued rise in the numbers covered by special employment and training measures. In January and February however there was a further rise in unemployment. The growth of the labour force appears to have resumed in 1983 and further increases are forecast, though the numbers are very uncertain. Given the progress already made on unit labour costs the forecast assumes that, apart from normal cyclical effects, productivity growth will be slower than in the past three years.



## SPECTRUM

ESP got off to a bad start with the first study of the eerie phenomenon 50 years ago.

Brian Inglis describes the long struggle to silence the sceptics of 'crystal gazing', and the recent research that attempts to establish the scientific legitimacy of parapsychology

# The eye of the mind

Fifty years ago this month, a slim monograph was published in Boston which was to give a new term to the English language. It described research undertaken at Duke University, North Carolina, by a young psychologist, J. B. Rhine. The results, Rhine claimed in *Extra-Sensory Perception*, confirmed the existence of telepathy and clairvoyance.

Hitherto, research into these faculties had been conducted with individual mediums and "sensitives". Rhine had used students, many of whom had previously had no inkling that they might be psychic. And the trials were conducted in a form which, though not new, were far more carefully controlled than ever before.

"Zener cards", marked with five different kinds of symbols, were used in packs of 25. In any "run" of 25, five "hits" - correct guesses about the concealed design - was chance expectation.

In some trials the person conducting the experiment looked at the cards as he dealt them. In others he did not look at them - making it possible to discover whether some subjects were telepathic or clairvoyant, or both. Sometimes the subject was in the same room, sometimes in another room, sometimes in another building, to find whether distance made any difference. And after exhaustive trials a few individuals had scored so consistently above chance that the odds for their results were astronomical.

It is not too much to say that the monograph - amplified three years later in *New Frontiers of the Mind*, dealing with criticisms of the earlier book - established ESP, as it soon came to be known, as a scientifically-demonstrated reality. Certainly this was the impression I gained, second-hand. But an influential and academically well-entrenched section of the community, both here and in the US, refused to accept the evidence; as it still does.

As a result, a peculiar situation has arisen. Recent opinion polls have shown that seven or eight out of 10 adults here believe in ESP, most of them from personal experience. ESP has also been reported, often as

commonplace, from every age, and from every part of the world. The Duke findings have been endlessly repeated in trials elsewhere. If ESP exists, its significance to science - more, to the whole future of our species - can hardly be over-estimated. Yet when Arthur Koestler leaves half a million pounds to found a chair in parapsychology, only two universities bid for it.

Why? In other countries, the attention being paid to the subject is striking - in some respects, alarming. Even the Russians have shed their earlier attitude to ESP as bourgeois and counter-revolutionary. With the help of some agonizing newspeak ("psychic" becomes "bio-plasmic") investigators have been turning out a mass of material, some clearly well researched.

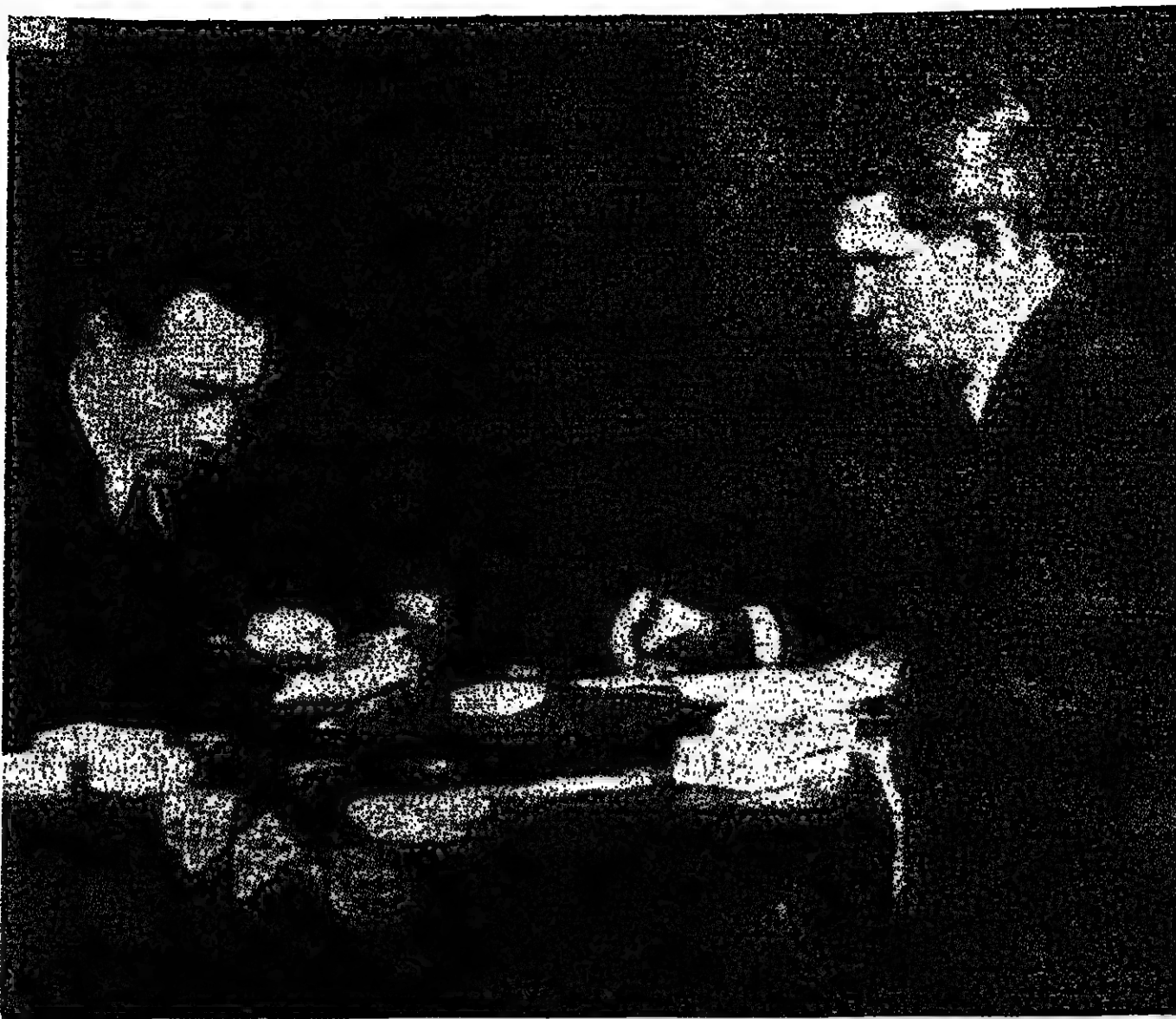
The worry is that they may be using it for its potential advantages in the cold war: clairvoyants monitoring the Pentagon, and the like. And recently it had been disclosed in leaks that the CIA and the Pentagon have been busy in this area, too. Here in Britain, though - in spite of the willingness of many scientists, otherwise sceptical, to concede that "there may be something in ESP" - the prejudice remains powerful against allowing that research is legitimate.



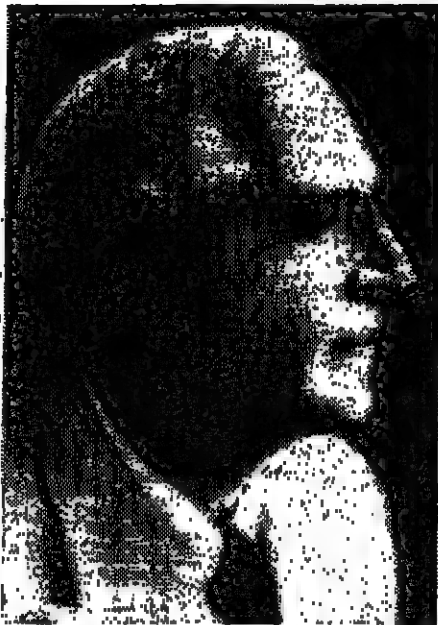
Going back over the ground to try to discover the roots of this antipathy, grounded as they were in the 1934 reaction to *Extra-Sensory Perception*, I have realized that it touched off a disturbing range of alarm signals in academic circles, particularly in psychology departments.

Psychologists had only just succeeded in obtaining accreditation in their own right. Longing to be recognized as scientists, the last thing they wanted was for the established physicists, chemists and the rest to point the finger of scorn at them for dabbling in the occult. Understandably, they invoked the physicists as allies: ESP could not happen because it was contrary to the immutable laws of nature.

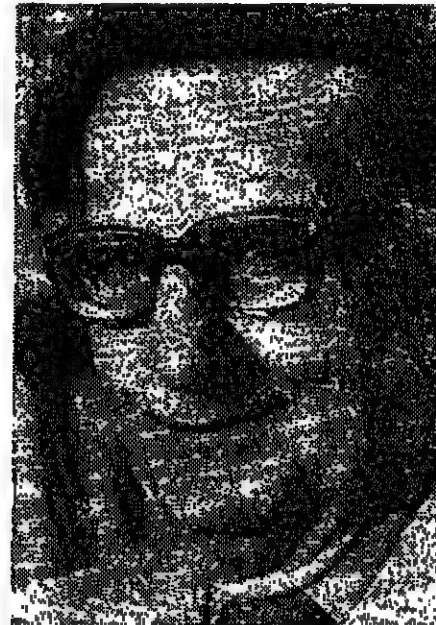
By one of the ironies with which this whole saga is bespattered, quantum physicists at this time were not merely



J. B. Rhine conducting a Zener card test for extra-sensory powers at Duke University in 1938



Novelist Upton Sinclair in 1937



Professor Hans Eysenck

busy demolishing those laws, but were finding that at the atomic level, particles behaved in embarrassingly paranormal ways: they switched as Bohr reported, from one orbit to another without traversing the intervening space. But as Alfred North Whitehead lamented, also in 1934, Victorian materialism continued to reign unchallenged and even among scientists. "A touching example of baseless faith".

Although the ability of the academic world to ignore inconvenient evidence has long been notorious, in this instance there was a pressing reason not to ignore but to stamp on the

upstart; as Koestler was to recall in *The Invisible Writing*.

Meeting his old friend Professor Hans Reichenbach in 1952, Koestler told him about Rhine's results. Reichenbach remained unmoved until told that the statistics, which had been challenged, had been vetted by Sir Ronald Fisher, who had given them his seal of approval. Reichenbach was visibly shaken: "If that is true that is terrible, terrible. It would mean I would have to scrap everything and start again from the beginning".

Reichenbach was speaking as a dedicated materialist and a logical positivist, both disciplines long established critics of psychical research. For psychologists, particularly behaviourists, the implications were even more disturbing. The elaborate structure of controlled trials they had introduced, in order, among other things, to ensure that experimenter bias could not influence the results of the tests, had been used by Rhine himself; and what his results had shown was that the structure was flawed, because if ESP exists, experimenters cannot be certain that they do not influence results by telepathic communication with subjects.



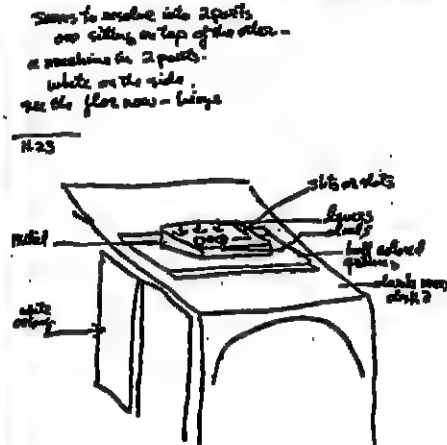
To the public, this might sound a little far-fetched; but psychologists instinctively realized it was the thin end of a frightening wedge. Some of them reacted with a campaign of denigration, which has continued on and off ever since.

Nobody cared to challenge Fisher; but much play was made when it was discovered that some of the cards used in tests had patterns which could be detected through their backs if they were held up at a certain angle to the light.

This was correct, but irrelevant. Dealers did not hold cards up to the light and even if they had, it would have made no difference to the results of most of the successful subjects, some of whom preferred to go into a state of abstraction, not looking at the dealer. In any case, many of the trials had been conducted with the dealer out of the subject's range of vision. And in some, the cards had been left undisturbed in their packs, while subjects guessed down through them.

A more telling argument, however, against the allegation of systematic cheating on the part of subjects or investigators or both, is that the results are not of a kind which point to such an interpretation.

The great majority of successful subjects have averaged only, say, seven or eight "hits" - too modest a target for most cheats; nor has the success of some individuals been balanced by others consistently scoring below chance. (This occurs, but far less often.) Frequently it has only been at the end of a protracted series of runs that it has been realized that the proportion of "hits", though small in



(Above) The picture drawn by New York artist Ingo Swann during a "remote viewing" experiment in 1975 when the invisible subject was a typewriter. (In text, left and below.) The five symbols are used in packs of 25 Zener cards.

each one, significantly exceeds chance expectancy. It is this relatively modest, yet often strictly consistent, success rate which constitutes ESP's impressive experimental testimony.

It was this, I suspect, which led Professor Hans Eysenck to accept the evidence for ESP - one of the few behaviourists to do so. Unless there were a gigantic conspiracy involving several hundred respected scientists, many of them initially sceptical, in universities the world over, he wrote in 1957, "the only conclusion the unbiased observer can come to must be that there does exist a small number of people who obtain knowledge existing either in other people's minds, or in the outer world, by means as yet unknown to science".

Cautiously, Eysenck refused to credit anecdotal evidence; "testimony of a single person, however authoritative he may be, must never be accepted as evidence for a psychic experience". But surely the testimony of hundreds of individuals about their experiences (as distinct from beliefs) must be allowed some credit, especially when backed by confirmatory evidence; as, for example, in Upton Sinclair's *Mental Radio*, which happened to appear just when Rhine's work at Duke was getting under way?

Sinclair, whose books had made him the darling of the left, was well aware that he would be jeered at by his rationalist friends; but he felt he must not hide his discovery that what he had assumed to be a superstition had turned out to be a fact - as he could illustrate from the drawings which his wife Mary made of what was in his mind, sometimes when they were many miles apart.

Clairvoyance, too, has recently been demonstrated by a number of individuals, notably the American artist Ingo Swann; and a succession of controlled trials in different parts of the world have shown that many people some of the time, and a few people quite often can "see" what is happening at a distance.

As a result, sceptics have recently been displaying increasing signs of desperation; and this has had the depressing effect of leading some of them to use smear tactics. Denouncing psychical researchers at a meeting of the American Association for the Advancement of Science in 1979, the physicist Professor John A. Wheeler actually claimed that a research student who had faked an experiment "was Rhine. Rhine started parapsychology that way".

The story was, of course, false. In a letter in *Science*, Wheeler had to retract his charge. "I unwisely repeated a secondhand and, as it turned out, incorrect account" - a damaging enough admission, but, unbelievably, Wheeler did not even have the grace in the letter to apologize to Rhine, who was still living at the time.

**TOMORROW**  
Psychokinesis: a matter of mind over matter

moreover...  
Miles Kington

## In one ear and out of the window

A well-known Cabinet Minister yesterday came out in favour of the Freedom of Information movement. There is already too much secrecy, he said; the trend should be stopped and reversed.

No, I am afraid I cannot reveal which one. He did not wish his name to be known. He did not even wish me to say as much as I have said.

"Just say the usual," he told me. "Some sources close to the Prime Minister believe that the present level of classified information is not altogether desirable. Something like that."

"I can't say that!" I told him proudly. "I am not a lobby journalist. I have self-respect and dignity. Let me at least name you."

"No!" he cried. "She would never forgive me!"

"Who?" I inquired.

"I cannot tell you," he mumbled.

It had been a curious evening. First the phone calls which were quite silent when I answered them. Then the searching at the window. Finally the entrance down the chimney of the Cabinet Minister, who searched the room for microphones and recording devices before he would consent to speak.

"Yes it is true," he whispered defiantly. "Some of us in the Cabinet believe that there is too much secrecy."

"Which other ones?"

"I don't know," he admitted, shamefacedly. "I just find these anonymous notes left behind occasionally after Cabinet meetings. 'I am a prisoner in a truth factory,' that sort of thing. My God, it's awful."

Perhaps people better informed than I am will recognize the Cabinet Minister in question if I describe him. He wears sun glasses, a false moustache and a brown wig, and chews gum constantly. When he left, I analysed the gum he had left in an ash tray. It was a Cabinet memo of no particular importance.

"I think you're lying to me," I told him coolly. "I think the only secrecy you're worried about is the fact that your chief Civil Servant will never tell you anything. You want freedom of information for Cabinet ministers, not from them! You're not interested in information for the public."

"I should think not," he snapped suddenly. "What right have they to know anything?"

In the ensuing silence I studied the Old Etonian tie which hung from his neck, and the Old Wykehamist tie and Manchester Grammar School old boys' tie which hung beside it. This man was giving nothing away.

"Which ministry are you in charge of?" I asked him point-blank. His features worked painfully for a moment.

"I... I don't know," he said. "She won't tell me. I think it's something to do with roads. Or perhaps foreign countries. Oh God, if only I knew! That's why I think information is so vital."

"You are contemptible," I said. "If you will tell me nothing, please leave."

"I'll tell you the capital of Lebanon," he said cunningly.

"Get out."

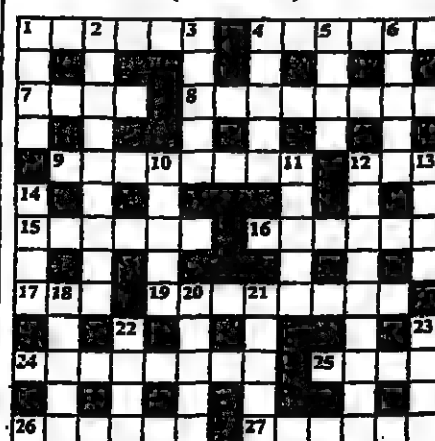
Promise you won't say anything about my visit, then? Especially to her?

I said nothing. His eyes gleaming hypocritically through his dark glasses, he opened my window and leapt to the ground below.

He did not seem to have the free information that I live three floors up.

If you should spot a Cabinet Minister limping in the next few days, you will know that you are looking at a Tory champion of the truth.

## CONCISE CROSSWORD (No 291)



- |                                     |                             |
|-------------------------------------|-----------------------------|
| <b>ACROSS</b>                       | <b>DOWN</b>                 |
| 1 Sweet white wine (9)              | 1 Cape (4)                  |
| 4 Top ornament (6)                  | 2 Former Ethiopia (9)       |
| 7 Methods (4)                       | 3 Share certificate (5)     |
| 8 Transmitter's receptacle (8)      | 4 Confronts (5)             |
| 9 Reality avoird (8)                | 5 Wood pin (4)              |
| 12 Pounds, shillings, pence (1,1,1) | 6 Defined regions (5)       |
| 15 Throat flap (6)                  | 10 Assumed name (5)         |
| 16 52oz bottle (6)                  | 11 Express gratitude (5)    |
| 17 Pakistani leader (3)             | 12 Far-reaching (4,5)       |
| 19 Canvas shoes (6)                 | 13 Woman of rank (4)        |
| 24 Town by-pass (4,4)               | 14 Whole gamut (4)          |
| 25 Before (4)                       | 15 Dolls (5)                |
| 26 Clothing (6)                     | 16 Hangman's halter (5)     |
| 27 Brook (6)                        | 17 S American mountains (5) |
|                                     | 18 Wrinkled citrus (4)      |
|                                     | 19 Initial form (4)         |

**SOLUTION TO No 290**  
ACROSS: 1 Rip off 5 Lull 8 Focus 9 Run away 11 Rush hour 13 Bust 15 Monkey nut 16 Rags 19 Rub noses 22 Precept 23 Attic 24 Coms 25 Rector  
DOWN: 2 Incus 3 OAS 4 Fortune hunter 5 Lent 6 Lawlitt 7 Shark 10 Yeti 12 Hand 14 Anon 16 Magneto 16 Drop 17 Psych 20 Set to 21 Fizz 23 ABC

## SCIENTOLOGY® WINS INTERNATIONAL RELIGIOUS RECOGNITION

The Church of Scientology International is pleased to announce a major step in the furtherance of individual religious liberty and the international confirmation of its religious status.

In a unanimous landmark decision which opens the door for religious faiths to reaffirm their moral and spiritual leadership in society, the High Court of Australia recently declared:

★ "Religious freedom is a fundamental theme of our society. That freedom has been asserted by men and women throughout history by resisting the attempts of Government, through its legislative, executive or judicial branches, to define or impose beliefs or practices of religion".

★ "Religious discrimination by officials or by courts is unacceptable in a free society".

★ "In the eyes of the law, religions are equal".

★ "The policy of the law is 'one in, all in'".

This is the latest in a long line of significant decisions received by the Church internationally in pursuit of individual freedom for people of all faiths. In achieving this recognition the Church of Scientology fully supports the efforts of all religions to work within the fabric of society and reaffirm the importance of spiritual values.

We are pleased to extend an open invitation to all those interested in the role of religion in our society to visit our senior religious college in England.

Please contact: Mr Michael Garside, The Public Affairs Office, The Church of Scientology, Saint Hill Manor, East Grinstead, Sussex. Telephone: 0342 27831.



Moreover...  
s Kingston

one ear  
and out  
of the  
window

# Haven't you coughed up enough?

If the new price of cigarettes doesn't give you a heart attack, chances are the cigarettes will.

Smoking is a major cause of heart disease in this country.

And even if you escape a heart attack there's bronchitis, emphysema or lung cancer to worry about. (Maybe you'll be one of the unlucky people who lose a leg because they smoke.)

The truth is, tobacco, at any price, is a disaster. Each week about 2,000 people die of smoking related diseases.\*

In a year, tobacco kills more than 40 times as many people as road accidents.

Crazy isn't it?

Prices are going through the roof while the corpses go through the door.

There's never been a better time to stop. Nearly 10 million people have already done so and if they can do it, so can you.

You'll save hundreds of pounds a year but you could also be saving something even more important.

You.



\*ALL SMOKING AND HEALTH FIGURES FROM FOLLOWING SOURCES:  
1983 ROYAL COLLEGE OF PHYSICIANS REPORT, O.P.C.S. MEDICAL STATISTICS DIVISION.







# "They told me I had 48 hours to live."



Captain Jonathan Bailey celebrated the Christmas of 1979 in the heat of the Rhodesian bush.

He was in command of a Ceasefire Assembly Place, 300 miles from Salisbury and 5,000 miles from home.

His orders were brief and to the point.

To muster guerrillas from the bush and persuade them to remain at the Assembly Place until the Zimbabwe elections could take place in March, 1980.

Understandably, the guerrillas were highly suspicious and Bailey's first task was to gain their confidence.

Overt displays of force and weaponry were out of the question.

"The local Police, who acted as our guides, viewed us with total disbelief," he recalls.

"They had seen civil war raging in the bush for the previous eight years.

Now they were confronted by a British Army Officer and 11 men who were to enforce a ceasefire, armed only with rifles and good will.

They left with the comforting prediction that we'd probably be dead inside 48 hours."

The next day a note arrived (reprinted right) inviting Bailey to meet the guerrillas further out in the bush.

He weighed up the pros and cons and politely declined.

"I thought they were sparring with us," he says. "When we stood our ground, they had to come to us."

Five hours later the first group arrived, followed by another and another. At the end of the first week, Bailey and his men had charge of 800 guerrillas.

Then the logistical problems began.

To provide fresh water for 800 in the back of beyond, Bailey requested assistance from the Royal Engineers.

Two five thousand gallon water tanks were constructed, together with a pipeline that stretched two kilometres to the local Umfuli river.

A detachment from the Royal Army Medical Corps was also flown in. And a regular air drop of food and medicines by RAF Hercules was organised.

"On top of all this, we had to concentrate on building relationship of trust with the guerrillas," records Bailey.

"We organised as many activities as we could think of—football, volleyball, fitness training."

I even gave a lecture on the Reformation of the Church. They seemed very interested in religion."

Even so, the ensuing months were not without their tension.

The guerrillas retained possession of their weapons throughout and guns were occasionally fired by accident.

Typically, this caused them all to prime their weapons, often firing in the air.

In March, the elections took place successfully. But Bailey is quick to deflect any praise that comes his way.

"We were sitting ducks from the word go. The fact that we survived is due entirely to the peaceful intentions of the guerrillas.

Their leader set the seal on events when he visited the Assembly Place. He told his men to vote as they pleased and to accept the outcome, whatever it might be."

## A career in the Gunners.

Jonathan Bailey applied to join the Royal Artillery after spending three years at Sussex University. (He gained an upper second in medieval history.)

He had decided not to forge any links with the Army during his time at Sussex, preferring to read for a degree under his own steam.

Sandhurst, in consequence, came as something of a shock to his system.

"I was used to a couple of lectures a day, starting at ten in the morning. Hardly a grounding for the dawn to dusk bombardment of Sandhurst.

In the end, I got my head down and concentrated on survival."

ever-changing weapons during this time, Bailey recalls the problems of leadership as being the most demanding.

"From day one you are responsible for the fitness, training and, ultimately, the safety of your men.

You can also find yourself doubling as a welfare officer and a marriage guidance counsellor."

Promoted to the rank of Captain, he spent the next two years back in the classroom.

First as an instructor in surveillance and intelligence techniques. Then as a student of infantry tactics and staff duties.

As Bailey points out, you rarely get bored with a job in the Army. They don't give you the time.

## War in the Falklands.

When he returned from Zimbabwe, Jonathan Bailey took up the post of Adjutant in 4 Field Regiment Royal Artillery.

In April 1982, he was deployed with the Regiment to the South Atlantic, with the rank of Major.

Given 18 hours notice, he took command of the troops on the Baltic Ferry, being responsible during the voyage for morale, discipline and battle readiness.

On arrival in the Falklands, he was to co-ordinate the fire support cell for 5 Infantry Brigade.

In plain English, to organise the shelling of Argentine positions prior to precisely timed infantry advances.

The problem for Bailey was that the shelling involved not just the Royal Artillery, but also the Royal Navy and RAF Harriers.

"We had to sit down and thrash out a co-ordinated fire plan under extremely difficult circumstances.

The movement of ships and the availability of Harriers and supply helicopters all had to be taken into account.

Then there was the weather..."

Of course, the Royal Artillery had their own problems, too. "Years of training stand you in good stead for operations like the Falklands. But even so, the sheer scale of the action caused us a few headaches.

In the last twelve hours of the battle for Port Stanley, five batteries fired the equivalent of one regiment's training ammunition for four years.

After firing three hundred rounds, it took a detachment three hours just to move the empty salvage back thirty metres behind their gun."

Looking back, Major Bailey regards his early years in the Royal Artillery, when everything was new, as the most demanding of his career.

But he recalls Zimbabwe and the Falklands as the most rewarding chapters to date.

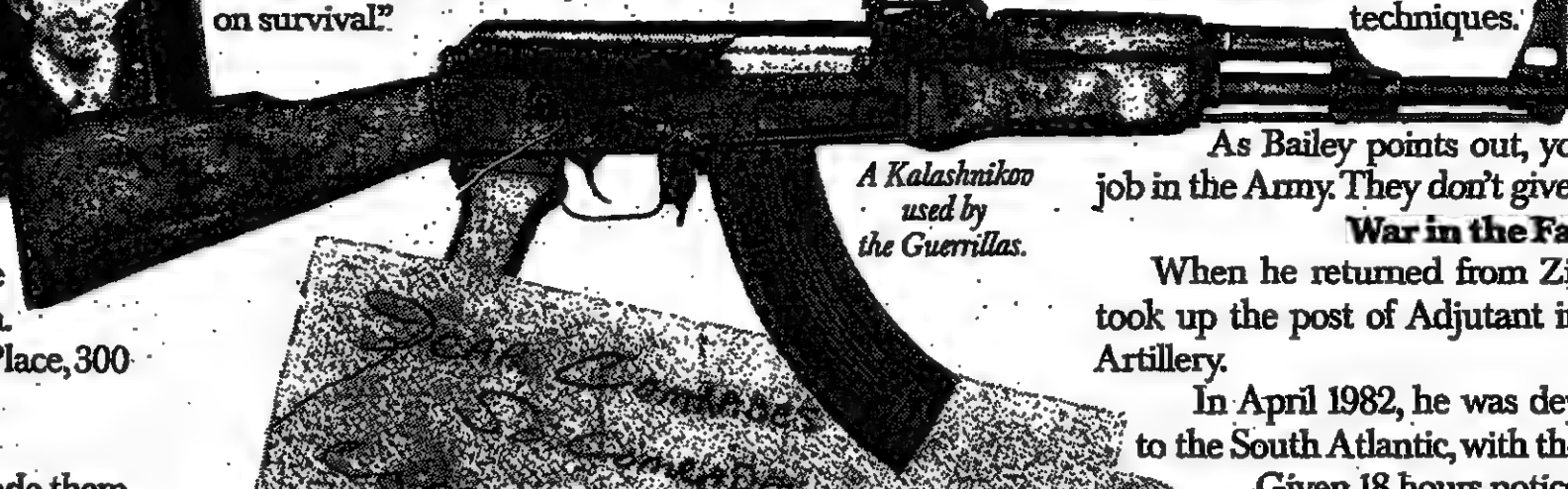
"What appeals to me about the Army is that the unexpected always seems to happen, just when you think life is becoming routine.

Any Officer can suddenly find himself on active service with the chance to influence events, to stamp his mark.

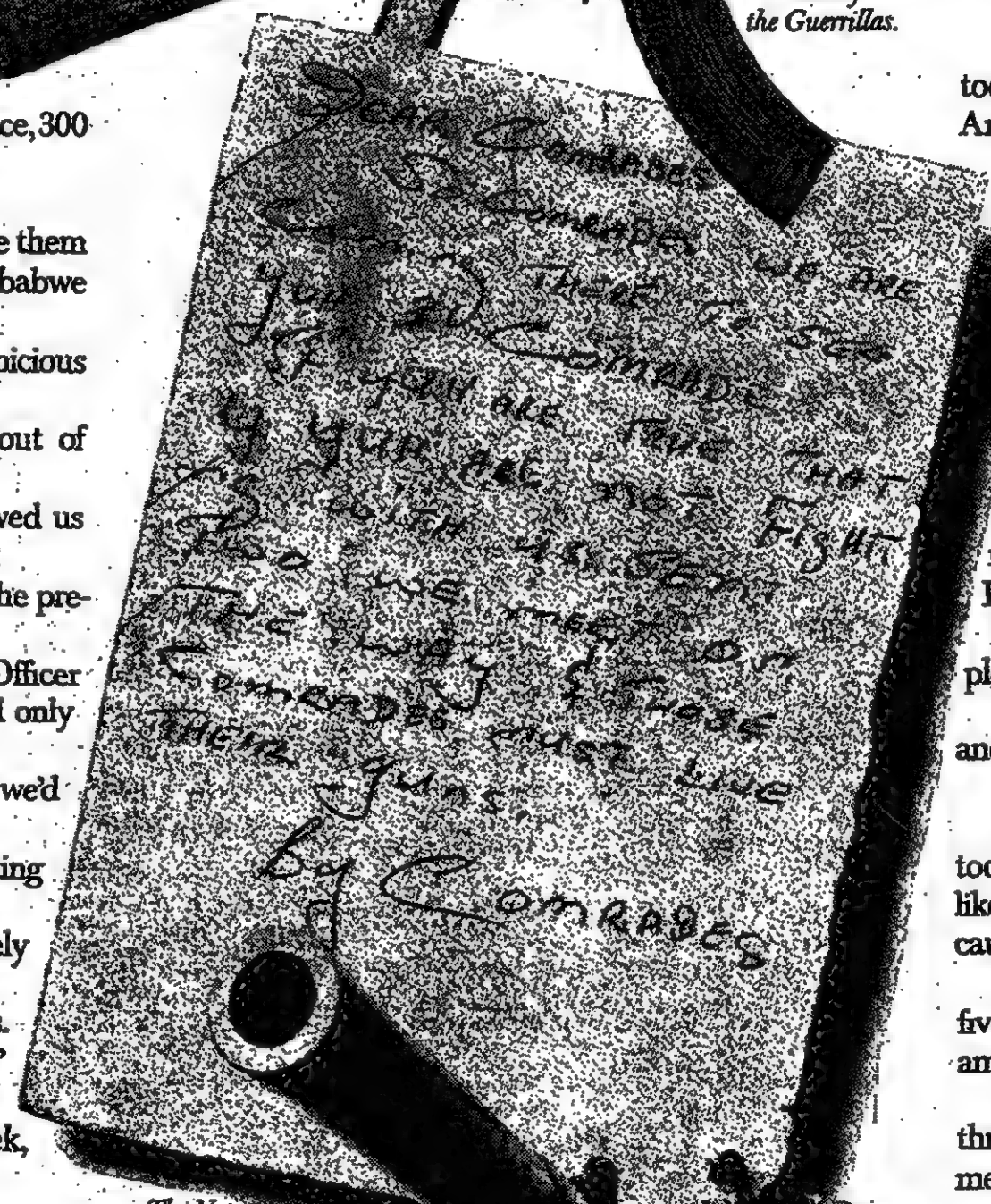
What other career could offer as much?"

If you would like to know more about life as an Army Officer, write to Major John Floyd, Army Officer Entry, Dept. B8, Empress State Building, Lillie Road, London SW6 1TR. Tell him your date of birth, your school or university and the qualifications you have or expect.

**Army Officer**



A Kalashnikov used by the Guerrillas.



The Note.



The self-propelled M110 gun, deployed in Germany.

Survive he did, passing out as an Officer in 1973. He chose to join the Royal Artillery, primarily because of the variety of activities offered by that Regiment.

In his first four years he was a Command Post Officer, a Gun Position Officer and a Troop Commander.

He spent time in Cyprus, Northern Ireland and Germany.

Despite the need to get to grips with advanced and



Four years ammunition in twelve hours.



## THE TIMES DIARY

### A letter dislodged

An investigation into the Freemasons network within Brent council was urged yesterday by the Labour group leader, Martin Coleman, after a letter listing certain masons involved in present and past council activities, was inadvertently sent to his office.

The letter, headed "Anselm Lodge No. 7685" was written by a Brent Tory councillor, Eric McDonald, and addressed to "Brother W. R. Moody", stamped "undelivered" by the Post Office, it was returned to Brent Town Hall where Frank it bore, presumably believing "brother" was a reference used by those of a left-wing persuasion, it was forwarded to Coleman.

In the letter, McDonald, a charity steward at the lodge, asks "Brother Moody" to sponsor the Masonic teams running in the London Marathon "in the name of the Provincial Grand Master". He lists the lodge members who have already pledged support - among them: Tom Taylor, secretary of Brent's Tory group and chairman of the finance committee; David Sheppard, deputy leader of the council; L. C. Haddock, district building surveyor; R. B. Tredger, chairman of the development committee; C. Edwards, senior education awards assistant; David Harvey, former Tory group leader; and Ken Morris, Brent's former chief architect.

### Leaking volumes

Researchers lucky enough to have wangled a pass to the Queen's private library at Windsor Castle may be in for a disappointment. A leak in the castle roof has led to a large number of Victorian and later biographies becoming waterlogged. Property Services Agency repairers were working on the roof when their rain precautions collapsed under the force of a thunderstorm. Windsor has its own bookbinder on hand for such events, but future researchers may well find their relevant tomes bearing the odd telltale dye stains when all are back in situ within 12 months, the next two years.

### BARRY FANTONI



"Frankly old man, I could never see you simply fading away"

### BBC Jameson

As he prepares to contest the 75,000 costs from his unsuccessful libel case against the BBC, Derek Jameson has already started efforts towards footing the bill - working, ironically, for the Corporation itself. He appeared last week on a BBC World Service programme, expounding his theories on soap operas for a £25 fee. "It wouldn't pay for four minutes of BBC counsel time," said Jameson. Jameson tells me he is to take representations to the court, asking Master, in the hope that his case will be based closer to his lawyer's original estimate for the duration of the trial of five days, instead of the 12 it lasted. Meanwhile Jameson's fighting fund, set up by the Daily Star's vicar, has raised £2,000 with a ledge of a further £3,500. With affluence emboldened, "Help Jameson off the lawyers..." the cost are massive, circulating Fleet Street even the BBC newrooms. Jameson tells me discussions are underway for another money-making wheeze - hosting two Whicker-style documentaries. For the BBC, course.

### Rule of iron

Reports that Major Colin Innes was asked as golf club secretary of Muirfield for being a "wee radical" did not further from the truth. The poor fellow resigned after four months when Muirfield stalwarts asked him "reforms" - to install a new heating and a new telephone system, and set up a display for the club's artefacts, which, I am told, are recently secreted in a Scottish bank vault.

As Major Innes was searching for a new job yesterday, the legendary armet of Muirfield Captain Jody Hamner, who retired after 15 years last November, was temporarily back at the helm. The new retainer Major Gordon Vanreeman, who takes over in May, will find Innes's "rod-of-iron" reign a hard task to follow. After a cheeky item in the paper, the editor found himself confronted by Hamner after William Innes came clean and announced himself, the secretary turned to him, in front of Lord Whitlaw et al. Innes: "I am surprised they wed you in here."

PHS

## Mr Lawson's cautious reforms

by Sarah Hogg, Economics Editor

This Budget is not about 1984. Though Nigel Lawson fleshed out his first budget statement with a remarkable number of tax changes for the coming year, fulfilling both hopes and fears of his radical intentions, this is the first Budget of a parliament, and it is the bare bones of his strategy that merit closest attention.

It is an incomplete skeleton. His financial rib cage is fully displayed, but his tax plans are only half-stated, and the projections for public spending do not amount to a strategy at all. Only partial judgment, therefore, is possible, plus a little malicious speculation as to why the chancellor has chosen to lay out his economic plans in this particular way.

Mr Lawson's plans assume that public spending remains constant, after allowing for inflation, between now and 1989. Since he claims that he has already brought public spending to a halt, this in effect means no further assault on the expenditure side of his equation, merely a balancing act between the competing demands of different government departments. This should be rather easier over the next five years than over the past four, since the rise in unemployment has slowed and defence has not been promised a sizeable real increase in its budget beyond 1986.

Having plumped for stability on this side of the equation, the Chancellor had only two choices. He could have chosen to go down in history as the mechanical successor to Sir Geoffrey Howe, following the same predetermined track towards the elimination of the public sector's deficit. Mr Lawson was, after all, deeply involved in the creation of

the Thatcher Government's original monetarist strategy, and he might have been expected to ram it home during his term as chancellor.

That course, however, would have meant no tax cuts during the lifetime of this parliament. Mr Lawson's projections of revenue and spending published in the Budget "Red Book" indeed show that he would have had to plan to increase tax rates to balance the Budget by 1987. Instead, he has chosen to be a tax-cutting and tax-reforming chancellor. His plans allow for £2 billion of tax cuts in 1985-86, and as much as £4½ billion in the following year. The level of public borrowing, consequently, remains at £7 billion right through to 1988-89, falling only marginally as a proportion of national income.

For a man so often accused of ignoring political realities, this looks like a strategy of surprising political caution. Mr Lawson tasted the anger of the Tory party last autumn when he threatened tax increases in his first Budget, and this could be interpreted as a capitulation to political pressure. A kinder interpretation would be that the Government has belatedly remembered half the promises it made back in 1979, and decided to put them to the fore in its second parliament.

There is no doubt that cutting taxes is much more generally popular than cutting public borrowing. And the Chancellor has some justification for a switch in strategy: inflation is now below the international average, rather than way above. Of course Mr Lawson took

great care in his budget speech to insist that price stability is still his "ultimate" aim. But the spoken word cannot contradict the Red Book figures - and they show the strategy has altered.

Most of the tax reforms outlined by Mr Lawson are sensible and well directed. He has, for example, outlined a considered plan for the redirection of corporate taxation which should cease to penalize the use of labour as compared to capital; at a time of high unemployment that is welcome. On the personal side, the tax savings should act as a stimulus to saving rather than spending, although there are rather more awkward side-effects from his decisions (for example, on the taxation of interest on bank interest, and cuts in tax relief on life assurance).

There is still no clear long-term thinking in the Government's approach to income tax. What the Chancellor called a "middle way" looks dangerously like a muddled way. The Tories' original declared intention was to make reductions in the rate of tax. Since Sir Geoffrey Howe's first Budget, that has changed to a concentration on tax thresholds - increasing basic allowances in order to "take people out of tax". Mr Lawson, as expected, has taken a big step further in this direction, raising certain allowances by 7 per cent more than he needed to put them up to compensate for inflation. But he gave no signal that this was a course he intended to follow throughout his chancellorship.

or whether he would nibble at income tax from another direction next year.

For the corporate sector, although the direction is clearly laid out, the benefit does not really begin to flow until 1985-86. This year, the cost of all tax cuts is largely financed by a change in the VAT on imports. But this is a one-off gain to the exchequer.

This is not an uncomfortable political pattern for Mr Lawson. It would leave him, on these plans, with money to dole out to personal taxpayers before the next general election - following the same pattern of give and take through a parliament as Sir Geoffrey. But what if those plans go wrong? What if the growth - 2 to 3 per cent a year - in the economy on which they are based does not transpire? Then Mr Lawson will find himself pursuing a standpat strategy, with very little change in the real levels of public spending, or borrowing or taxation.

Mr Lawson's hope must be that the radical changes in business and personal taxation he is proposing will help to keep him out of that groove that will stimulate the "supply side" of the economy and help to keep it growing at a respectable pace. He is certainly better-placed to embark on this strategy than Sir Geoffrey was in 1979. And it is just possible that he is playing, with his wayward party, a game of bluff. This Budget says rather plainly that taxes can now come down; but borrowing cannot simultaneously be cut if the Government makes no further inroads into public spending. But is that a question - or a statement of intent?

Jock Bruce-Gardyne

## Clubbing together against Britain

Tomorrow, afternoon, while the Commons continues its appraisal of Chancellor Lawson's first Budget, their Lordships are to offer timely words of advice to Mrs Thatcher on how to pay for Europe. Lord O'Brien, late of the Bank of England, is to initiate a discussion of the recent report from the Lords Select Committee on the European Communities. We shall have the benefit of Mr Heath's advice to Tory Euro candidates and comments on the radio; and we shall be expecting to hear more from ministers about the surprise agreement in Brussels on Monday night to "cap" the butter mountain.

The Select Committee and the former Prime Minister came to closely similar conclusions: that the Community does need more cash; that "something must be done" to relate national contributions to ability to pay and that effective long-term restraints must be put on farm support. The Committee thinks it is high time the finance ministers were drawn in on the act of fixing annual farm price reviews instead of leaving it all to those pork-barrel promoters from the national agricultural ministries; while Mr Heath for his part, feels that a good deal less "intermediate language" (no names, no packdrill) would not be amiss.

It is all very statesmanlike and sensible, and the Foreign Office must thoroughly approve - notwithstanding the former Prime Minister's rude remarks about their boss. Sadly, it also seems to me a touch remote from what really is happening when the heads of government confront each other on Monday.

For surely there are two yawning gaps of credibility between the measured and moderate solutions to the present crisis in the Community advanced by Lord O'Brien's committee and Mr Heath. One is the conviction that if only Mrs Thatcher would agree to up the ante with a higher rate of VAT for Brussels, then the extra cash would go to all sorts of trendy high technology and socially concerned Community initiatives to give the spirit *communitaire* the "relaunch" over which so much oratory has been spilled in vain for 10 or more years. The other is that all our partners know, deep down in their hearts, that we poor British pay too much, and are ready and willing to grant us out-of-town subscription rates if only we would cease to stand beside the bar and bawl at them.

Unfortunately, both propositions have an air of unreality about them. The second is based on the undertaking which Edward Heath, for otherwise I have a nasty suspicion that M. Jacques Chirac's gratuitous advice that we should take "temporary leave of Europe" could turn out to be imposed upon us.

Community, the very survival of the Community would demand that the institutions find an equitable solution. Since the way we poor old Brits pay such a big sub and never have anything but crumbs to take home in our doggy-bag is plainly "unacceptable", everyone agrees that an "equitable solution" is called for.

But everyone does not agree. Nor, if we venture across the Channel and look backwards from their viewpoint for a moment, is it very obvious why they should. We joined a club whose charitable donations were essentially reserved for farmers, of whom we happen to have few, and even those we have don't often qualify. May be we thought that with us as members, the Community would broaden its horizons to shoulder responsibilities for miners and shipyard workers and makers of gull-wing cars in Northern Ireland. But it hasn't. What has changed - in the eyes of our partners - is that we've now found a gold mine at the bottom of our garden in the shape of North Sea oil, whereas they haven't. So if anyone is strapped for cash to pay the sub, most certainly is not John Bull. A refund for a year or two may be a price worth paying to stop us boring on about our penury, but permanent cut-price membership is just not on.

The notion that an increase in club subscriptions would go to fund the "sunrise industries" (and some pet sunset ones on this side of the Channel) and not just to keep the farmers happy, flies equally in the face of all experience. Oh yes, the Foreign Ministers have agreed in theory to remove about half the present gap between the Euro-dairy milk and the milk and butter we consume (and we will need to scan the small print on that deal with care). But they only did so precisely because the cash is running out. As our own esteemed Minister of Agriculture said on Sunday night, "we must continue to live within our means". But he added "if the summit were to tell us that more money was available, that would be different". You bet it would.

So I very much fear that an irresistible force - the Community's approaching bankruptcy - is on its way to meet an immovable object: our Prime Minister's determination to block the increase in subscriptions unless first we get lasting satisfaction on the Budget, which we won't. I hope I'm wrong, and that Geoffrey Howe is right to predict that the summit meeting could yet end in happiness and light. For otherwise I have a nasty suspicion that M. Jacques Chirac's gratuitous advice that we should take "temporary leave of Europe" could turn out to be imposed upon us.

Matthew Parrish

## Nor iron bars a hero cage

I really had only three heroes, and two have just fallen. Mr Macmillan has taken a peck and Elton John has taken a wife. Now I have lost the third. I write this on the train back from his cremation.

Mr Fred Hill died last week. He was serving his thirty-second, and as it turned out, his last year in Penitentiary Prison. He was 74.

I met him only twice. Once when he came to the House of Commons to address a little meeting of rather embarrassed MPs; once when I spotted him standing anonymously at the back of St Margaret's Church, at a colleague's memorial service. The Prime Minister was there too but I fancy that, among all that distinguished congregation, Ronnie Biggs (whose passing we were there to mark) would have been happiest to see Fred.

Fred (everyone called him that) refused to wear a crash helmet. He believed that he was a superior cyclist without one. More importantly he held that, right of wrong, the decision was his to take and his alone.

He was bitter that the freedom to take it was extended to Sikhs without being extended to him - a confined atheist. Many Sikhs agreed with him.

So Fred used to venture out, helmetless, on his old motorbike - perhaps the last man in Britain willing and persistently to do so. The police knew him and turned a blind eye when they could. Often enough, though, they had no choice but to prosecute, and the magistrates before whom he would appear had no choice but to send him to prison because he refused to pay fines.

Thirty days was the usual sentence but this time - responding perhaps to the splendid new mood of decaying justice - they gave the old man two months. Some way through the sentence Fred suffered a heart-attack and died.

Heroes? He did not, when I met him, seem cast in the mould of a Thomas More or a Joan of Arc. He neither suffered nor was persecuted in the heroic manner. He was courteous, mild, sane and utterly unselfish; a somewhat unlikely figure... I missed him most.

A victim? No one meant to be unkind to him and many, including policemen and prison warders, tried to rescue him "from himself". I doubt whether he was made very miserable by the treatment he received. He felt he had a mission in life, took his jail sentences stoically, and tried to help other prisoners while he was happier than many pensioners I meet.

Ludicrous, then? Never thought so. Some people would have cheered at the huge wreath in the shape of a

motorbike, sent to the cremation by the Motor Cycle Action Group. I found it rather moving, for I knew that there would have been a rally of thousands, there, if the family had wanted it. Rhodes Boyson (under whose headmastership Fred had once taught) did not think so either. He once wrote of him that he was "one of the finest teachers I have ever met". Both his MPs (one a Social Democrat and the next a Conservative) admired him.

Yet, though his father (a steelworker and trade-unionist) and his mother (a suffragette and millworker) were convinced socialists, Fred is unlikely to receive the Nelson Mandela treatment. No "Fred Hill Crescent, NW1". No "Fred Hill Gardens" on the South Bank, for him! Not wearing a crash helmet is unlikely to become one of the great socialist causes.

Nor do the Tories have much time for Fred's kind. All his career he refused to teach in the more "privileged" state schools. He had no time for the socially advantaged. A bit of an embarrassment, really, in his un-smart clothes and eccentric opinions. Individual freedom, to the Conservative Party, may be indivisible, but we tend to get more worked up about the freedoms of having and holding, of possessing and augmenting and passing it on, than freedom to be - an embarrassment to the relations, freedom to be silly, is not quite what the Prime Minister has in mind!

Were you silly, then, Fred? Well, yes, maybe... "Got it all a bit out of proportion." I think my colleagues would say.

Yes, Fred, you did have it out of proportion, and bless you for it! Keep it out of proportion, Fred! Ignore the angels and archangels, take no notice of the cherubim and seraphim: you just keep plugging on about crash-helmets! Cherished freedoms be damned - nobody who wants to be re-elected will touch the cherished freedoms: it's the uncherished ones we've got to watch: freedoms to do things the public consider silly, harmful, immoral or unnecessary.

You hurt nobody by riding bareheaded - nobody but yourself - but you inspired me and all who really knew you.

Your courage and resolution were finer even than the D.M.'s because they never thought you any good and you never thought they would. You didn't even expect recognition in the next world. You didn't believe in Heaven.

I hope you are wrong and I hope there are helms there too, because you'll know just what to do, Fred!

The author is Conservative MP for West Derbyshire

Richard Owen on the increasing privation of Russian troops in Afghanistan

## Shooting holes in the Boy's Own image

Life for Soviet soldiers in Afghanistan has never been easy, but resentments are now beginning to simmer after more than four years of occupation, judging by Moscow rumour and even articles in the press.

The 105,000-strong "limited contingent" which was sent into Afghanistan in 1979 has suffered hardship and privation, according to families of those fighting in the war against the rebels - or, as the official line has it, "the struggle against counter-revolutionaries and imperialist bandits". Troops are rotated - but even so - conditions in Afghanistan come as a shock to Russia's young soldiers, many of them no more than raw recruits.

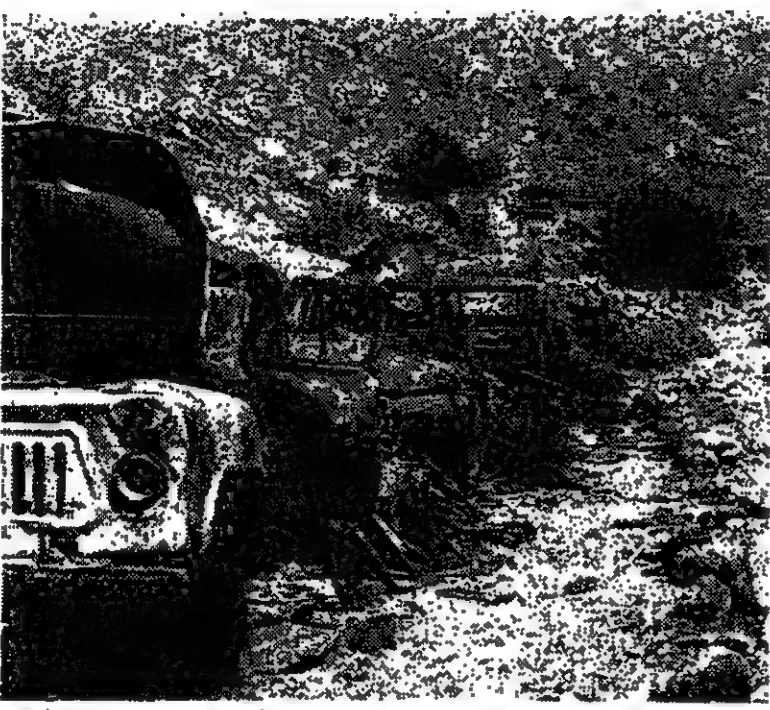
Some of the hardships began to surface in the Soviet press under Mr Andropov in a deliberate attempt to counter the rumour mill by giving selected examples of heroic action and death under fire. The Press campaign, featuring ambushes in the mountains and courage in the face of rebel cruelty, recalled tales of Russian army action against the *hazmatchi* or mountain fighters of the Caucasus and Central Asia in the nineteenth century and again in the 1920's. The Afghan rebels are commonly referred to as *basmachi* rather than *Mujaheddin* or Islamic freedom fighters.

This Boys Own Paper school of writing about Afghanistan still persists, but many young Soviet soldiers serving there none the less feel that their role is underestimated or even looked down on by Russians at home, and not least by their civilian contemporaries.

One young recruit recently wrote to *Komsomolskaya Pravda*, the Communist youth paper, to complain publicly.

"I am amazed how little coverage we who serve in Afghanistan get in your paper," he wrote. "After all, we are risking our lives on behalf of our country." Fighting in Afghanistan was not only unrewarding, it was not even appreciated at home. While he and his comrades were fighting, Afghan rebels, the young man wrote bitterly, others of the same age back in Moscow were going to discos, buying foreign clothes, impressing the girls and "using their parents' influence to get into institutes".

Even when they went on leave, the soldier said, their uniforms seemed to convey a negative image, rather than glamour or heroism. A comrade serving in Afghanistan had recently received a letter from his girlfriend in which she said she felt contempt for soldiers she saw on the



The reality: wreckage of an ambushed Russian convoy, left, but this young soldier can still smile for the camera

street. "We are serving honestly and fulfilling our international duty," the young soldier concluded, "and we feel injured by such attitudes."

Attempts are made to raise morale by sending popular entertainers from Moscow to divert the troops. But the world of Soviet show business is not anxious to share the hardships, according to the Press. Edith Piekha, a well-known pop star of Polish origin, did make the journey to Kabul, as she told *Red Star* (the armed forces paper). There were 30 entertainers on stage and only 20 in the audience - not a turnout likely to encourage other stars to leave Moscow. Life for the troops was obviously "very difficult," Miss Piekha observed, adding "they often don't have even the bare essentials."

Many of the Soviet troops do believe they are defending "the gains of the socialist revolution" against an imperialist conspiracy. Officers try to combine propaganda training with morale boosting. One unit, according to *Red Star*, was recently moved to a valley with a river and vineyards because it reminded the troops of regions back home such as Moldavia or the Urals.

But there is less attempt to disguise the harsh realities of fighting an elusive enemy, often at night. A former second world war pilot visited Afghanistan for the

*Literary Gazette* this month and reported that even helicopter gunships like the Mi-8 and the Mi-24 were vulnerable at night. They flew without lights but were still hit by rebel machine gun and mortar fire. In another report a lieutenant said his men were confused when rebels dressed in Soviet uniform blew up a mosque in Badkhsan province, although villagers claimed the perpetrators really were Russians.

"In Afghanistan not everyone can decide what is going on," he observed. Most diplomats and military experts in Moscow agree that in the long run time and resources are on the side of the Soviet Union, which has already successfully "sovietized" much of the country, especially Kabul itself. The Kremlin continues to accuse the United States and Pakistan of training, arming and supervising rebel operations. Many of the rebels are in fact mercenaries employed by western intelligence, *Red Star* claimed recently.

*Pravda* said this month that the only solution to the Afghan question lay in "talks and a political settlement" but there is no sign that Mr Chernenko intends to start course by launching an initiative on Afghanistan. On the contrary, at Mr Andropov's funeral Mr Chernenko made a point of ignoring President

Zia Ul Haq of Pakistan - who had requested an interview - and welcoming Babrak Karmal, the Soviet-imposed Afghan leader. When he returned to Kabul Karmal confirmed that there would be no change in the Kremlin's policy.

Mr Chernenko's apparent hard line is a disappointment to those who thought his predecessor was moving towards a new flexibility on Afghanistan, using the United Nations-sponsored talks between Kabul and Islamabad to find a way out of the impasse. When Señor Perez de Cuellar, the UN Secretary-General, came to Moscow last spring he appeared optimistic, and there were leaked reports from the Kremlin of Soviet agreement to a phased withdrawal. Nearly a year later, however, there is no timetable for withdrawal, and so far no suggestion that Mr Chernenko is even considering one. For Russia's young recruits the hardships are likely to continue - or as deputy defence minister Ivan Shklov put it recently, "modern military service is such that even in times of peace it demands bravery, stamina, self-reliance and professional mastery".

He was speaking as seven army officers were decorated for "outstanding bravery" - presumably in Afghanistan, and presumably posthumously since no other details were given.

Ivor Davis reports on the bad days at Big Rock



On shaky ground, from left, John Houseman, Barbra Streisand, Neil Diamond and Goldie Hawn

## How the earth moved the stars

Los Angeles

Last year actor John Houseman lived happily in a one million dollar cliff-top house in a celebrity-studded community here known as Big Rock.

Today Houseman and his wife have removed their valuable collection of antiques. Their superb indoor pool is drained and the magnificent ranch-style house is considered worthless.

His home, and dozens of others in this Malibu Beach community overlooking the Pacific, are slipping at the rate of nearly half an inch a week towards the ocean.

Houseman has moved out. Last

week 13 Big Rock residents were ordered to abandon their homes by Los Angeles county geologists.

The community of Malibu, population 17,000, is no stranger to the bizarre vagaries of Mother Nature. The town's home to scores of stars including Barbra Streisand, Cary Grant, Neil Diamond, Paul Newman and Goldie Hawn, has endured fires, mudslides and floods over the years. In the wake of the eviction order LA county supervisors have ordered a probe into whether the county acted improperly in issuing building permits in the Big Rock district. The slow-moving landslide threatens to send

the expensive houses crashing down on to even more expensive beachfront residences. Some beachfront people have evacuated their houses in case this should happen.

Authorities have spent half a million dollars trying in vain to repair cracking roads and disintegrating hillsides.

About two hundred residents have filed claims against the state of California and the county of Los Angeles seeking more than \$8m in damages.

They charge that building permits were issued without adequate safeguards in an area prone to slides.

What caused the landslides? High

ground water levels from heavy rains in recent years coupled with poor drainage are blamed for starting the earth movement. Half a million dollars has been spent to drain water from underground.

Houseman's personal secretary Diane Fleishman and her husband have been caretaking the home. A 10-foot fissure runs across the spacious living room. Every few minutes sharp snapping sounds can be heard as the house twists and groans its way down the cliff.

Neighbour Helen McLellan, who has been ordered to evacuate, said: "A few months ago I could have got half a million for my house - today you can't give it away."

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مكتبة الامم المتحدة





P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

## THE BUDGET'S POLITICS

A preliminary verdict on the economic philosophy of Mr Lawson's first budget is given in the article below, but, as with all budgets, its full evaluation has to be measured against the Government's political strategy for a second term. Since last year's general election that strategy has been somewhat elusive, as much inside the Cabinet room as outside it. It seemed to await some resolution of an argument, or at least a divergent set of attitudes, between Tory radicals and Tory consolidators. The former wish to exploit the general election result with a new burst of energy, while the latter seem to feel that, with the achievement of a major reduction in inflation behind it, the Government could afford to ease up the pressure on government spending and hope that a general aspiration of growth would float it gently forward to the next election.

This period of uncertainty was concluded by the Prime Minister's television interview with Mr Brian Walden, in which he made it clear that no further attempt to cut government spending would be made. It would be held at its present levels for the life of this parliament. In other words, the Prime Minister had become a consolidator. It was clear that the thrust of the Government had changed to one in which ministers would simply hope to

manage the mixed economy better than their predecessors. They do not otherwise intend fundamentally to change its proportions between public and private spending except in so far as some margin can be achieved by moderate and sustained growth.

For a government with a large majority and a rhetorical reputation which certainly exceeds its performance, there are dangers in this strategy of consolidation. Chance, as Paster said, visits the prepared mind. Presumably mischance is therefore likely to inhabit the empty one. Hence the arrival of what has fashionably become known as the banana skin.

Although the Prime Minister last Friday set out the Government's objectives for the remainder of this parliament there was a certain lack of excitement about the list. It was as though the shine had come off the ball, and Mr Taitt apart, this cabinet is certainly short of good spin-bowlers.

It was therefore important in political terms for Mr Lawson to shine it up again. He had to give some impression of a radical intent to a government which otherwise would be condemned each year to a defensive strategy holding down public spending at its present levels without being able to give any promise that such an exercise had its own reward.

Mr Lawson's tax changes have some radical flavour to them. The more that can be done to encourage individual enterprise in business, investment and savings the better. The momentum of collectivism in this kind of mixed economy is enormous. It has not been reassuring to see a government express such a marked preference for consolidation over an aggressive counter-attack on the collectivist model which has so permeated our economy and institutions, and so undermined the spirit of individualism. To the extent that Mr Lawson has helped individuals reassert their economic responsibilities, he has assisted in the counter attack on collectivism.

But the whiff of radicalism in the tax changes in the corporate and personal sector cannot conceal the fact that, in political terms, this is a consolidator's budget. That is what one would expect of the Chancellor now that the Prime Minister has called the tune, but it is not only in economic terms that this Budget takes much on trust. It is in political terms as well. Against the momentum of collectivism in this mixed economy the Government advances a simple laudable and politically compelling hope of progressive reduction in taxation. It will need luck as well as good management if such a hope is not to be beaten, as before, by experience.

## THE BUDGET'S ECONOMICS

Mr Lawson began his Budget speech with challenging words. "We shall continue the policies that we have followed consistently since 1979. These policies provide the only way to achieve our ultimate objective of stable prices." If these words are to be believed, the Government wants to end inflation once and for all.

A careful reading of the Budget documents shows that it intends to do no such thing. On the contrary, it is still planning for inflation. Table 5.5, on "Public expenditure in cash and cost terms and as a percentage of GDP", projects a GDP deflator of 4% per cent in 1984/85, 4% per cent in 1985/86 and 4 per cent in 1986/87. In plain English, the Government is basing its macro-economic strategy on an inflation rate of about 4 per cent, a rate sufficient to cause the price level to rise about tenfold in a lifetime.

Although this would be a great improvement on performance in the 1970s, it is not sound money and the Government cannot pretend that it is. Some people still argue that a set of institutions and arrangements has grown up which depends on continuing inflation and that a determined move towards nil inflation might disturb reasonable expectations. But the same argument was heard when the inflation rate was 15 per cent and 10 per cent and the Government saw no virtue in stabilizing inflation at those levels.

And why is the British Government, which has become known for its noisiness on honest money, unwilling to match inflation figures already reached in other major industrial

nations? In Japan consumer prices have risen by 1.6 per cent in the past twelve months and in West Germany by 2.9 per cent. No doubt inflation in these two countries will go even lower while Mr Lawson and his colleagues are agonizing over whether the Government should commit itself to 4 per cent or 4½ per cent in five years' time.

In fact, Mr Lawson does not want to gear monetary and fiscal policy to defeating inflation. Instead he is happy enough leaving inflation where it is and taking every opportunity he can to cut taxes in order to stimulate the supply side of the economy. When allowance is made for inflation, the full year effect of yesterday's measures is to cut taxation by £1,730m. One of the main beneficiaries is the corporate sector which Mr Lawson clearly hopes will be an engine of economic growth.

In his first Budget Mr Lawson has shown himself to be a supply-sider rather than a monetarist. Mr Reagan would not doubt be delighted if the USA's financial position were strong enough for his Treasury Secretary to push through a tax package as incentive-minded and stimulatory as that announced in the House of Commons yesterday. But the USA cannot have more tax cuts because those already implemented are causing serious financial imbalances and giving no help whatever to the supply side of the American economy.

Indeed, there is a striking and ironic contrast between the spectacular improvement in productivity trends in Britain, which under Mrs Thatcher has

given priority to cutting the budget deficit regardless of the resulting increase in the tax burden, and the drab productivity numbers now coming out of the USA, where the Administration's policy has been to give a deliberate boost to the supply side by tax cuts and reforms. So why is the Government changing emphasis now?

Fortunately, the excesses of the American supply-siders will not be matched here. Mr Lawson is hemmed in by the medium-term financial strategy introduced by his predecessor. Indeed, there are the predictable tables showing the PSBR/GDP ratio and money supply growth falling steadily over the lifetime of the Government. But the difference in attitude between Mr Lawson and Sir Geoffrey Howe is substantial. In his first version of the MTFs Sir Geoffrey planned to bring the PSBR/GDP ratio down to 1½ per cent in 1983/84, even though his starting point was in 1979/80 a PSBR/GDP ratio of over 4 per cent. In his first version of the MTFs Mr Lawson envisages cutting the PSBR/GDP ratio from 3½ per cent in 1983/84 to 1½ per cent in 1988/89.

It is not an encouraging omen that in Mr Lawson's first year as Chancellor the PSBR has exceeded target by £2b. The reasons, in the bland prose of the *Financial Statement and Budget Report*, are that "local authority borrowing seems to be running much higher than expected, and central government expenditure, particularly on cash-limited programmes, has exceeded last year's forecasts".

## A BLIND EYE IN AFRICA

The Organization of African Unity exists in a continual state of crisis, and the fact that it managed last week to hold a meeting in Addis Ababa of the ministerial council is in itself a matter for congratulation. But fundamental weaknesses in the organization have been illustrated: financially, as always, because members do not pay their dues; in the muffled response to the peace that seems about to break out on the borders of South Africa (there is a resentment in parts of Africa because someone appears to have shot their fox); but most vividly in the two African wars that did not figure at all on the Addis Ababa agenda.

First, there is the conflict in the Western Sahara and the basic problem of whether an independent state exists there, the Sahrawi Arab Democratic Republic, or whether there are only some Polisario Front guerrillas fighting against Morocco.

Twenty-eight African states now recognize the Sahrawi Republic as an independent state. The secretary of the OAU, acting somewhat precipitately at a ministerial meeting two years ago, admitted it as the fifty-first member of the OAU. Morocco immediately led a substantial minority in a walk-out and this has since repeatedly prevented a two-thirds quorum being reached at OAU meetings. This week's ministerial council, and last year's summit, were only possible because the Polisario leaders agreed to stay away,

without prejudice to their basic position. They have said they will not stay away from the next summit, due in Conakry, Guinea, in May or June.

The dispute thus threatens the whole existence of the organization. An OAU reconciliation committee, which is charged with arranging a ceasefire and a referendum in the Western Sahara has not met since September when things broke up over the refusal of the Moroccan to sit down with the Polisario leaders.

Intense diplomatic activity in the Maghreb - with talks between Morocco, Algeria, Tunisia and even Libya - seemed at one time to promise something, but this promise has now faded. Fighting continues in the desert, and the affair must be counted as a most serious failure of the OAU in its basic function of keeping the peace among its members.

The second failure, ironically right under the noses of the ministers meeting in Addis Ababa, comes because no real attempt has ever been made by the OAU to end Africa's longest war, the twenty-one-year-old struggle for independence from Ethiopia by the people of Eritrea. The OAU has always turned its face away from this conflict in the Horn of Africa because of two principles that were established at the birth of the organization in 1963: that colonial boundaries would be respected, and that there would be

no interference in the internal affairs of member states.

There have always been some strong counter-arguments. Eritrea was never part of Ethiopia and is of legitimate international concern because it was incorporated into Ethiopia as a result of United Nations action: a 1950 decision which proposed a federation that never came into effect. Moreover, the OAU rules were designed to help the colonized and not the colonizers (or else Pretoria could claim some rights to stay in Windhoek), and Ethiopia is an imperialist power. (The same argument is applied, though with less force, to other peoples that would break away from Addis Ababa - notably the Somalis of the Ogaden.)

The OAU has allowed its "good offices" to be used to ease the associated tensions that have in the past arisen between the Sudan and Ethiopia and between Somalia and Ethiopia, but it has always felt unable to address the central problem. It is understandable that African governments should shy away from opening the Pandora's Box of border problems and minorities who wish to secede from a central government throughout the continent the bond of nationalism has always been fragile. But on the other hand it is surely absurd that a pan-African organization can continue to ignore a 21-year-old war involving Foreign troops in the continent's most internationally sensitive area.

## Double standards on marriage

From the Vicar of the University Church, Cambridge

Sir, Your leader on "The marriage bond" (February 25) is in marked contrast to your leader on "The marriage of the divorced" (April 22, 1971). You then wrote: "The Church should be prepared to remarry divorced persons. Christian charity and compassion, as well as a sense of social and personal realism, justify divorce in certain circumstances. In those cases it is reasonable for the Church to approve of a second marriage, and where it approves of a marriage it should be ready to perform it".

Chancellor Garth Moore (March 1) states that the only official doctrine of marriage in the Church of England is that it is indissoluble, and he advises the bishops, before any legislation is passed by General Synod, to consult "a body of trained theologians and canonists". He seems to ignore the two major theological commissions set up to report to General Synod on marriage and divorce, which they did in 1971 and 1978.

Those reports show there to be clear evidence that in both the Eastern and Western Church during the first millennium divorce and remarriage were sometimes allowed: that in the Middle Ages, when the doctrine of indissolubility hardened, the Western Church dealt with the problem of marriage breakdown by enlarging the grounds for nullity; and that since the Reformation there have been two main theological traditions in the Church of England, those who believe a marriage cannot be dissolved, and those who believe that irretrievable breakdown can occur which can sever the bond even surely and tragically than death.

The Church of England has never officially committed itself to (nor has it officially repudiated) the scholastic doctrine of the indissolubility of the marriage bond" (*Marriage and the Church's Task*, page 54, a report of the commission which included two diocesan chancellors). It was a hundred years ago that, in the Anglican Church, the indissolubility position began to be strengthened (even though such high churchmen as William Briggs and Bishop Edward King rejected it); but in more recent times a good many provinces in the Anglican Communion have amended their discipline so as to allow, in certain cases, remarriage in church, and so implicitly rejected the doctrine of indissolubility.

Those who support a more liberal approach to the remarriage of the divorced are not denying the lifelong nature of marriage. They are trying to hold the balance between Christ's commands and Christ's compassion - not, as Ronald Burt suggests (March 1), "a compassion drawn from the climate of the times". Where rules are applied without thought for people in all their differing circumstances they may become the kind of heartless legalism Jesus so clearly condemned. Yours faithfully, MICHAEL MAYNE, Vicar, Great St Mary's, Cambridge.

## Artistic freedom

From Professor Edward Garden

Sir, John Burton (March 7) is entitled to his views concerning uneconomic coalmines and Arts Council subsidies, though these views are philistine enough to be more typical of readers of one of your sister newspapers, which shall be nameless, rather than of *The Times*. However, to use his own word, the "naïveté" of his bland statement that "the distribution of money by the state and its agencies" must be influenced by political criteria because "the state is a political organisation" is mind-boggling.

If this were indeed the case the BBC, funded as it is by a licence fee raised by the Chancellor - usually in the Budget - would necessarily be influenced by the government in power. As every one knows, it is not, thanks mainly to the splendid Scots audience, salaried by the state, who in 1926 resolutely resisted the political coercion of Winston Churchill.

Similarly, the universities, funded to a large extent by the state, have hitherto enjoyed a freedom from political hegemony which has been beneficial to all. Such freedoms as these need to be guarded against erosion; otherwise, in the end, there will be little to choose between the political systems of East and West.

Yours faithfully, EDWARD GARDEN, (Professor of Music), University of Sheffield, Sheffield, South Yorkshire.

## Liverpool luminaries

From Mr Simon Lindley

Sir, Peter Lennan's "profile" of the City of Liverpool (March 2) seeks to highlight in a cursory manner many of that conurbation's serious difficulties. To see the work of the churches in the light of "old paternalistic institutions" shows lack of perception. The efforts of Archbishop Worlock and Bishop Sheppard extend a good deal further than the heading of marches: the combined spiritual leadership of these and numerous other men must give hope for the future, a hope which your writer sees enshrined in the financial grants which gave birth to the Garden City Festival.

For many of us in the North of England, Liverpool is renowned for an outstanding lead in art and education; in music especially. The unsung work of the two cathedral choirs, both taking boys from one walks of life rather than from one particular area or school, is of inestimable value to the musical life of the city as well as of the nation. To issue a profile of one of

## Local radio on a sounder footing

From Mr John R. Rathbone, MP for Lewes (Conservative)

Sir, Some years ago, before ever independent local radio came on the air, you were kind enough to give me space in your columns to plead with the then Labour Party Home Secretary for the speedy licensing of the maximum number of applications for this exciting new service.

Since then 50 areas have been allowed their own local radio station (42 of which are already on air) and the BBC has continued to expand the number of local radio stations it operates.

But more and more of these have been granted on a regional basis rather than a really local basis; and, with the exception of the news station, London Broadcasting, none of the independent local stations caters for special-interest groups.

Because of this, quite a large number of small commercial radio stations have started broadcasting (report, March 8) but unfortunately the real service they provide is provided illegally because they don't have a licence to broadcast.

May I add my voice in support of the pressures they are bringing on the Government and the Independent Broadcasting Authority to change their rules to allow them to exist and do their work legally? This is not to plead for additional frequencies; they can use existing allocations but use them at a very low wattage.

It is not to excuse their present illegal broadcasting; rather it is to argue for the inclusion of that broadcasting within licensing agreements so that they may make their own contribution to IBA costs and be allowed to operate in the same way that licensed radio station operators are allowed to broadcast in many other countries in Europe and in the United States and Australia.

You report that 54 stations are now licensed to operate in the Greater Paris area, which is considerably smaller than Greater London.

Not only would such radio

stations enhance the diversity of broadcasting, but they would provide local businesses with a new and vibrant medium on which to advertise, which is another reason that they would benefit the communities they seek to serve.

Yours sincerely, TIM RATHBONE, House of Commons, March 8.

## From the Director General of the Independent Broadcasting Authority

Sir, Your article on Radio Jackie (March 8), one of about 50 pirate stations operating in Britain, gave the fact that the revenue of legal stations is being eroded as the only reason why the IBA is urging the Government to crack down.

There are many other reasons why we are against pirate broadcasting generally - the theft of news bulletins, the non-payment of copyright fees, the avoidance of union rates of pay and the lack of advertising regulations. We note that the Home Secretary shares our view.

The key point for the public is that pirate activity operates outside the law and strikes at the heart of public-service broadcasting. It threatens the provision of a viable local radio service of quality and balance.

If pirate radio stations are allowed to continue operating outside both the law and the regulatory system, then the high standards of British broadcasting - built up over many years - will be adversely affected. Examples of the chaos produced by unregulated broadcasting can be seen outside the United Kingdom.

It is our view that the operations of these illegal predators must be stopped before they cause real and lasting damage.

Yours faithfully, JOHN WHITNEY, Director-General, Independent Broadcasting Authority, 70 Brompton Road, SW3, March 9.

## National Trust help

From Mr Mark Tennant

Sir, It may be that Kingston Lacy is, as Mr Lees-Milne asserts (February 24), one of the fairly rare remaining cases where a family with a fine house containing remarkable possessions and wealth in addition finds that the National Trust is the only alternative to being obliterated by taxation.

Lord Saye and Sele wrote recently (January 26) of his predicament and Calke Abbey is notorious, but many owners are finding that by obtaining "designation" for the house the grounds and the best objects and by putting an appropriate amount of their wealth into a maintenance fund, they can keep control of their possessions at the price of fulfilling part of the role of the National Trust themselves. Capital transfer tax is thus much reduced, but another house is opened or kept open to the public.

## 'Light rail' experience

From Mr John G. Glover

Sir, George Brock ("Shunted aside", March 6) seems in danger of being carried away by his enthusiasm for new technology. The transport industry is littered with expensive examples of inappropriate technical solutions, pursuing insufficiently defined problems. There are some 300 towns and cities around the world where "light rail" is in operation today, including Lille, and it would be well to build upon the experience of all of them.

In Docklands, the planned initial passenger flow to be catered for is 2,500 passengers per hour, rising over time to a design maximum of around 8,000. In contrast, "heavy" rapid transit, such as the London Underground, can carry flows of up to 20,000 per hour and would clearly be over-specified for the job.

In practical terms the Docklands initial figure is right at the bottom end of the traffic levels justifying a rail-based solution and would be within the capability of buses. As demand rises, some form of "light rail" technology becomes appropriate.

A major consideration is the right of way. The Docklands system is unusual in that it will use abandoned railway track beds for three quarters of its length. Thus a technical ability to tackle sharp curves and steep gradients, a feature of many installations, is of little relevance. Neither is the staffing of trains as simple as Mr Brock makes out.

Internationally, driverless trains

are still in their infancy, and elaborate and costly safety precautions are necessary, not least to allay the understandable misgivings of the travelling public. Manned trains enable less sophisticated equipment to be used and that man may also be used to carry out fraud prevention and other duties.

I have no wish to disparage in any way the Lille system; this letter is merely a plea that high-tech should not be seen as an end in itself. Reported claims that any system could be built and operated without subsidy are specious. The net financial result needs to take in other factors, such as the potential patronage and actual usage.

Yours faithfully, JOHN G. GLOVER, 4 Poole Road, Epsom, Surrey, March 7.

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## Conduct unbecoming

From Mr A. F. Deveson

Sir, The wise pedestrian, faced with undipped headlights, keeps his eyes on his feet. He suffers no inconvenience and is safe in the knowledge that he is clearly seen.

If, however, on a country road, he is about to be simultaneously overtaken by a car, he hurries himself in the hedge.

Yours faithfully, A. F. DEVESON, 10 Hampden Drive, Kildington, Oxford, March 10.

Many of these brave men are now on hunger strike in a desperate attempt to obtain the status of political prisoners. One of them, Janusz Paluchowski, is described as being "in agony" after refusing food for many weeks.

The Solidarity underground has appealed for international pressure to be brought to safeguard the lives and health of these men.

In response, and on behalf of the British Solidarity with Poland Campaign, I therefore call on General Jaruzelski to assure world opinion without delay that such protection will be given and, as a beginning, family visits will be permitted.

Such a gesture, followed by the early release of all political prisoners, would surely provide welcome proof of the Polish Government's desire to contribute to the relaxation of East/West tensions for which millions of people on both sides are praying.

Yours faithfully, BERNARD BRAINE, House of Commons, March 1.

## Boxing injuries in perspective

From Mr Laurence Cotterell

Sir, Having bored us to distraction over smoking, drinking, eating the wrong food, getting too fat or too thin and taking or not taking a lot of exercise, doctors make fresh headlines by resurrecting the controversy of the mid-1950s, when Dr Edith Summerskill was in full cry after the boxers. When the present furore runs out of steam, no doubt some BMA coven will find that the constant abdominal swinging of golfers damages the kidneys.

Primitive man did not use fists to attack a foe; he picked up a stone or a stick. Boxing represents a civilized advance, the canalizing of a natural urge into an ordered form. Two of the best boxers I ever knew were pacifists while the warmakers have all too often been men whose natural combative instincts were unnaturally suppressed in youth.

It might be more honest if these medical crusaders were to compare scanings of boxers' heads with those of a similar number of rugby forwards, high divers and ball-heading soccer players - samples taken, in fact, from the practitioners of all pursuits in which considerable jarring occurs.

The constructive and non-sensational value of medical evidence lies in its tacit indication of the need for reforms. There should be a minimum degree of proven efficiency in any young man who wants to be a professional boxer, for it is the inferior exponent who becomes punch-drunk.

The successful boxer who exhibits the same symptoms is almost always the one who has been forced by economic necessity to carry on too long and it is absolutely essential that a proper pension scheme should be underwritten by promoters and managers, as in other trades. A higher standard of fitness (and eyes that cut easily should be eliminating factors) and a maximum retiring age should be observed.

Regular boxing audiences show anger if a referee does not stop a bout that has become too one-sided. It is at the "big fight", where rich vulgarians and their overressed ladies assemble, that the cries of the Coliseum are echoed, and these audiences represent the true followers of boxing about as much as the occupants of seats at the Cup final represent the regular soccer fans.

Yours faithfully, LAURENCE COTTERELL, 121 St Paul's Wood Hill, St Paul's Cray, Kent, March 11.

## New exam level

From Mr David Raeburn

Sir, Lord Flowers's letter (March 8) supporting the introduction of an I-level examination to develop greater breadth and balance in the sixth-form curriculum will be warmly welcomed by heads of many schools with strong academic traditions.

The London Division of the Headmasters' Conference recently expressed its support for this important development but was concerned, like Lord Flowers, that prospective undergraduates in all disciplines should be actively encouraged by university and faculty admission requirements to take advantage of this new examination level.

We are indeed hoping that the next few years will offer universities themselves the opportunity to reappraise the structure and content of their degree courses and the general educational purpose which underlies them.

Yours faithfully, DAVID RAEURBURN, Chairman, London Division, Headmasters' Conference, Whitgift School, Haling Park, South Croydon, Surrey, March 8.

## Rise in gas prices

From Mrs June T. Fearn

Sir, I would like to comment on Mrs Thatcher's decision to increase gas prices by a reputed 40 per cent in addition to the increase in electricity already announced.

1. Does she realise that the people worst hit will be pensioners and people on fixed incomes, from which source a great proportion of her voters spring?

2. With the increasing number of people in the over-65 age group, an increasing proportion of potential Conservative voters will become disaffected.

3. What she gains in income from this increase could well be lost by increased social-security benefits to help pay fuel bills.

4. There are a large number of the population who, due to the recession, have had to take early retirement on reduced occupational pensions, no state pension and no social security benefit if their income is over £53 per week. They are quite unable to cope with rises of this magnitude.

Yours faithfully, JUNE T. FEARN, 63 Tashbrook Road, Feltham, Middlesex, March 8.

## Lost hope?

From Mrs Pamela Hutchinson

Sir, Friends of the vanishing apostrophe should start with Westminster City Council, whose vans carry the message: "Were working for a cleaner City".

Yours faithfully, PAMELA HUTCHINSON, 6 Cleveland Gardens, W2, March 12.







# THE ARTS

## Theatre in the United States and Britain A desperate need for stars

Chilled by several recent closings, Broadway has 17 shows running as opposed to 25 this time last year, and only four openings - two of them revivals - scheduled this month. It looks safer to walk New York's mean streets than to back a new work on the Great White Way.

If a show has no stars and opens to mixed reviews, it is probably doomed. Open Admissions (Music Box Theatre) met such a fate last month. However much it was flawed by too-symmetrical developments in the family lives of its protagonists and some stereotyped secondary characters, Shirley Lauro's drama boasted searing conflict. Desperate to earn a college degree as a ticket out of the ghetto, a black student played like personified neurotic by Calvin Levels confronted a white teacher (Marilyn Rockafellow, trying to steady the neurotic on waves of exhaustion) who knew that his degree would be worthless because he had no college-level skills. In their clashes, and in classroom scenes where minority students earnestly mangled Shakespeare assignments, there was personal tragedy as well as an indictment of an educational policy.

The Rink (Martin Beck Theatre) may once again demonstrate that stars can overpower mixed notices. To a once-great roller rink slated for demolition, a former flower child turned 30 (Liza Minnelli) comes home for the first time in seven years, only to resume her lifelong battles with her mother (Chita Rivera). Terrence McNally's book, which delineates the women and the character of the father/husband almost exclusively as sex objects, makes it difficult to care about them. The production device of having the demolition

crew of six men play all the other characters - including females - adds to the misogynistic feeling of the show. The intensity of Liza Minnelli and Chita Rivera's playing, however, squeezes every ounce of sympathy for their characters and brings frequent huzzahs from the audience.

Star-power aside, *The Rink's* music by Fred Ebb often sounds like a bad-tempered version of *Carnival*. And, though Peter Larkin's set is grand, its decaying aspect and the other physical production elements - including a rape ballet - are ugly. *The Rink* is an unpleasant musical, with a blighted soul at its core. So, it should be noted in fairness, are *Evita*, *Dreamgirls*, *Nine* and *Cats* - all huge hits. In depressing numbers, today's audiences are demonstrating that they either do not recognize ugliness or that they like it.

Off-Broadway openings have contributed an informal international festival to New York. Samuel Beckett has had a theatre named after him, and Billie Whitelaw (interviewed by Penny Ferrick on page 14) has blessed its opening with her spectral performance in *Footfalls* and *Ruckahy*. Joseph Papp's Public Theatre is offering the Polish dissident Janusz Glowacki's *Cinders*, which played at the Royal Court Theatre in 1981. The starkly designed arena-style production, precisely staged by John Madden, has some of the best individual and ensemble acting in town. Exceptional are rat-like Robin Gammell and sheepish George Guidall as officials of the Polish girl's reform school, repitilian Christopher Walken as the filmmaker shooting the school production of *Cinderella*, and

Lucinda Jenney, a heartrendingly trapped doe as the recalcitrant Cinderella.

The Manhattan Theatre Club is housing the New York premiere of *Mensch Meier*, by West Germany's Franz Xaver Kroetz. Unless Roger Downey's translation misrepresents the play, it comes across as an old-hat story about a working-class family whose members separate to find themselves as individuals, told with Expressionistic accents. Most effective are Clayton Campbell's background paintings, which telegraph the action of each scene in bright colours.

More impressive is the American premiere of *The Other Shore*, a metaphysical comedy of manners by Spain's senior playwright, José Lopez Rubio, at the Writers Theatre. When two characters are immediately shot and the actors rise to play their ghosts, one wonders how many variations on such a device the playwright can work before becoming tiresome. The Spaniard proves that he has plot twists and very observations of human foibles to spare, and we can look forward to more of his work.

Rounding out the international fare with a promising American playwright, Circle Repertory Company has given one of its choice ensemble members to Timothy Mason's *Leviathan*. Mr Mason tinkers with time when he assembles members of a large mid-western family and a few characters who are ghostly and quite lively. As they work out personal problems and meditate on how to hold on to life as it slips away, the dramatist shows himself a potential successor to J. B. Priestley.

Holly Hill



Lucinda Jenney, a heartrendingly trapped doe in *Cinders*

## In and out of character in a flash

### Chestnuts Old and New King's Head

Plunging in at the deep end, John Sessions opens his one-man show with a Grecian epic drawing on the combined narrative skills of Homer and Ronald Harwood to flood the scene with television archaeologists, tourists and would-be Euripidean actors. He then dispatches a crew of heroic immortals across the nine-dark sea to remotest Yorkshire, where Perseus strides fearlessly into the nearest pub to slay the resident monster (Gladys the barmaid, as it happens).

Mr Sessions, a trim figure in black tights with a modest

repertory of grotesque grimaces, a vast range of accents, and a bone to pick with most of Britain's leading actors, specializes in outside and densely populated shaggy dog stories. A tale begins, set perhaps in Disneyland or Howarth parsonage, but before long it is swarming with Pinewood Japanese PoWs, supernaturated pop singers or Liverpool Street derelicts who once played *Macbeth* at the Old Vic.

Periodically a line comes whirling across that doubles you up. Giving us his cheap and cheerful *David Copperfield*, Mr Sessions brings on the much-loved character of Bigot whose relations "live in a bucket in Yarmouth". Then there is the fearsome bass-voiced Emily Brontë, browbeating her sisters

into going commercial by styling themselves Doug, Dan and Denis Slater. But there is seldom time to savour any particular detail as the essence of the act is its speed and free-association overdrive.

When Mr Sessions does stick to the point, as in a prolonged Harlem rewrite of *Hamlet*, the result can be very flat; his programme itself subsequently acknowledges by bringing on Sylvester Stallone to do a deadpan 20-second *Learn*. Elsewhere, my only complaint is that he works too hard, putting so much energy into quelling audience resistance that he blunts audience contact.

Otherwise he strikes me as the best young comedian I have seen since the arrival of Victoria Wood. He can pass in and out

of character in a flash, his vocal impersonations are masterly, he can keep a stageful of characters simultaneously alive, and he has a strong sense of form. In spite of their multiple digressions his sketches are strongly plotted; and, in the case of a Hampstead IRA dinner that tangles with a West End promotion party, he can tell two simultaneous stories and bring them together for a big bang.

The story of poor Douglas, beheaded by a Second World War fighter plane, but living on to serve his country as a fully armed, plum-pudding parachuted to the Führer for Christmas, remains incomplete; with luck Mr Sessions will finish it next time.

Irving Wardle

### Raj Palace, Watford

Though few 9-14-year-olds will be watching *The Jewel in the Crown* or picking *Midnight's Children* off the bookshelf, this seems an apt time to revive Leeds Playhouse Theatre-in-Education's play about Indian divided loyalties, and to publish the script as *Amber Lane* are doing. Watford's own TIE company, playing morning and afternoon shows in the Palace itself, stage it beautifully.

Mohamed Kassam's trio (including the eerie, zither-like santoor) playing his original music, Andy Barnett's lighting and Joe Vanek's lovely set of light wood and unbleached cotton drapes bring atmosphere right into the young audience's lap while a significant story is clearly but not crudely told.

Literally under two flags, a fading Union Jack and the Indian tricolour, an Indian girl is brought up by a British judge and, after a short-lived arranged marriage, becomes *ayah* to a colonel's family. These relationships, all affectionate, do not sour under the strain of the 1942 "Quit India" riots and her young cousin's increasing nationalism; they simply fail to survive it. The effect is more telling and tragic than if one of Paul Scott's arrogant, snobbish sahibs had been chosen.

While Atia Shah remains her own sweet self, the rest double as parents and children: Janice McKenzie as a sane and plucky memsahib and her six-year-old, Peter Stanley and Gordon Warneke first as colonel and bearer, then as little Jamie submitting servant to humiliation games.

Small incidents are packed with meaning. The Englishwoman actually trying on a sari, only to be stunned by a stillholder's open contempt. The loyal Indian deserting from the British Army after seeing them burn Burmese villages only to find the post-riot Punjab treated the same - and no English friendships able to avert the consequences. This is history as people actually live it.

Anthony Masters



Terry Scott: wracking unease

## Sanity and humour

### School for Wives Churchill, Bromley

Molière's first great comedy is still rarely seen here. In this entertaining revival the freethinker Miles Malleson translation and the presence of Terry Scott in the huge central role combine to underplay the pathetic, even sinister aspects, but accounts of Molière's own production stress repeatedly how much it made audiences laugh. It still does.

Smiling or scowling beneath a Johnsonian wig (the show is updated to Louis Quinze for some unknown reason), Mr Scott has little trouble sustaining the long speeches in Malleson's taut blank verse, but enjoys the odd ad-lib if a word temporarily escapes him or his purse gets stuck in his pocket.

He gleefully picks members of the audience in scornful illustration of complaisant, ignorant or ineffective husbands - all the faults he will avoid by nurturing a girl under glass, as it were. "A man who wants a perfect wife must make her for himself" - which means a convent education and, in this version, a hair-raising lecture on second fiddles, servants and other contented subordinates. Agnes's naivete, which

proves her salvation and her guardian's undoing, is barely within the grasp of the lovely and sophisticated Julie Dawn Cole, but her big instruction scene goes well, with Malleson's version reducing Molière's ten precepts to six and punctuating them by ominous backshots on both sides. In her agonisingly slow description of the visit by her literally dashing spark (Peter Woodward) she gleefully leaves the big question till last while Mr Scott grimaces with wracking unease: the comic honours were, as they should be, even.

Terry Parsons's panel set revolves from a street into a rucoco salon, witnessing a crescendo of domestic chaos to which servants Simon Needs and Jenny Tomasini make their own lively contribution. Mr Needs's notorious description of woman as "man's bowl of soup" and Mr Scott's elaborate attempt to keep his own to himself may make you wish that Roger Redfern's production showed more awareness of contemporary relevance, but, for once, Molière's defence that it induced "sanity and good humour" seems the most natural in the world.

Anthony Masters

## Galleries

## Mocking gently without risking offence

### Pietro Longhi: Paintings from the Leoni Montanari Palace in Vicenza Italian Institute

The depiction of people at home became popular in the early eighteenth century; in England, Hogarth, Hayman, and Arthur Devis created the conversation piece, while in France Chardin invested the Parisian middle class with a quiet dignity that was an implied rebuke to the sensuality of the court of Versailles. The Italian equivalent of Chardin and Hogarth is Pietro Longhi, whose attitude to his subject is more critical than the former's but less hostile than the latter's. Sir Michael Levey's description of Longhi as "the Jane Austen of eighteenth-century art" is apt, since he mocks gently without any risk of causing offence.



"The Jane Austen of eighteenth-century art"

A rare opportunity to see a group of canvases by Longhi and his contemporaries is provided by the Banca Cattolica del Veneto's touring exhibition of the 14 pictures it acquired in 1981 for its Vicenza head-

quarters. The exhibition has travelled not only in Italy, but also to the Soviet Union, Belgium and France; the London showing, which ends on March 20, is its last.

The splendid neo-classical piano noble of the Italian Institute in Belgrave Square is a perfect setting and Vittorio Sgarbi has written a useful, well-illustrated catalogue. Unfortunately the English version, distributed gratis, is full of ludicrous mistranslations; surely the bank could have paid for a translator whose mother tongue was English?

Fortunately, the pictures speak for themselves, permitting us to participate in the inane rituals of the aristocracy within the claustrophobic confines of their palaces, as in *Blind Man's Buff* and *The Faint*, both autograph replicas of a pair by Longhi in the National Gallery of Art, Washington, dated about 1760. As with Devis, the interiors would, in most cases, seem to be typical rather than

specific. When he chooses an exterior setting, Longhi often chooses the arcades of the Doge's Palace, as for example in *The Charlatan* and its companion *The "New World"*, a peep-show depicting scenes of life in the Americas. Longhi himself appears in *The Elephant* (dated 1774), sketching on a pad, his *hauta* thrust back off his face. The famous rhinoceros which was one of the highlights of the Venice Carnival in 1751 was, also, depicted by Longhi. There is one version in Ca' Rezzonico and another in the National Gallery, London, but the portrayal of it in the bank's collection is clearly by another hand: Dr Sgarbi proposes the name of Lorenzo Tiepolo, younger son of Giambattista, and rightly comments on its affinity with the early manner of Goya.

Among the other, unattributed pictures, more interesting as documentary evidence than as works of art, there are two scenes set in the *Ridotto*, the notorious gaming house, and

another in a coffee house lined with very attractive rococo shelving. For anybody planning to attend this year's Carnival in Venice, it also demonstrates the solution to the problem of what to do with your *hauta* while drinking coffee: put it in the brim of your tricorne hat.

Jeffery Daniels

## Concerts

### RCS/Davies Festival Hall

The first Monday of Lent is a little early for us to be embarking on our Passions, which may be why this performance by the Royal Choral Society of Bach's St John setting drew a mediocre audience. Alternatively, the disincentive may have been not the season but the manner of performance, for here again was a choir numbered in their hundreds singing with, or rather over, an orchestra of two or three dozen.

I have remarked before on how sadly unwise this is. No doubt in Bach's day it would have taken the entire population of Leipzig to equal the strength of the Royal Choral Society, but the important argument from authenticity is not the historical one; the important criterion, as always in musical performance, is that of being true to oneself as well as to the work. It is not in the nature of such massive choirs as this to combine happily with an English Chamber Orchestra now used to small-scale Bach.

As it happens, the Passions show up the problems least acutely, since the choir is involved most often in chorales, where the orchestra's contribution is simply supportive. But

in the great opening and closing choruses one does want to hear what the orchestra is doing, and it was regrettable here that they almost disappeared from hearing whenever the voices came swamping in.

There is also something bizarre about the sight of a stage shared by imposing ranks of choristers and a solo viola da gamba: no wonder the ancient instrument sounded discommoded. No, what the RCS need is a full symphony orchestra to match them, for only by becoming colossal and wholly anachronistic is the big chorus in Bach going to avoid seeming woefully out of date.

It is possible that Meredith Davies would be happier with larger instrumental forces under his command, since his evident excellence in the preparation of the choir contrasted with a slacker control of the ECO, and sometimes a stodgy metre that missed the dance in Bach's accompaniments.

The soloists were variable. Robert Tear, the Evangelist, was perfect to the last unblat in diction and knew exactly how he wanted to colour each word, but he had to be chary in the upper register. Of the aria singers, Kate Flowers was bright and true, Paul Esswood unflinchingly strong.

Paul Griffiths

### University of London Orchestra/Reid Queen Elizabeth Hall

The University of London Orchestra, most of whose members are not music students, added to an impressive list of world premieres with their performance under their conductor, Ian Reid, of Judith Weir's *The Ride over Lake Constance*.

They gave the piece with the kind of spirited confidence that most composers only dream about; not that this composer makes it too difficult to immerse oneself in her work, a vividly scored if perhaps naively constructed interpretation of a ballad by the German romantic poet Gustav Schwab.

The story is simple. It concerns a horseman who rides in the snow by night to a village unaware that he is galloping over the frozen lake. When he arrives, the revelation of his involuntary feat is such that he rather bizarrely dies of shock on the spot.

Weir chooses to represent the landscape by slowly moving textures, sometimes played by shimmering strings, elsewhere made more magnificently foreboding by the affirmations of

the brass. The rushing horseman takes the form of darting soloistic interpolations that become ever more frenzied, though still they are veiled in a misty haze. Until, that is, the final shock, where all hell is let loose in a sudden outburst redolent of the abruptness of Henze's *Itani of the Maenads* in *The Bassarids*.

Though music of no great depth, it does its job well, and certainly inspired much individual virtuosity here. Not so the greater refinement of Mozart's *C major Oboe Concerto*, for which Alistair Nichol bravely stepped from the ranks of the orchestra at very short notice indeed to deputize for the stricken Douglas Boyd. His sound was smallish, and there were hesitant moments, but to criticize this is churlish in such circumstances.

It was back to more spectacular fare after the interval, in the form of Rimsky-Korsakov's *Scheherazade*. Tinged with exotic perfumes yet laden with excitement, this was a fine achievement, with brass and percussion particularly splendid. And the leader, Stephen Bull, gave his solos with his assured maturity often matched by scintillating sound.

Stephen Pettitt

### Raphael Trio St John's/Radio 3

Some astute thought in programme building by the Raphael Trio from the United States characterized their lunchtime concert at St John's, Smith Square, on Monday. They made the harmonic link between Haydn's Piano Trio in F sharp minor and the Trio No 1 in B major by Brahms a kind of armature to strengthen the expressive style of their performances throughout each work.

In the case of Haydn, there was a sense of reaching out in the first movement which aroused immediate attention to the way the discourse would develop, and in which the relationship between the pianist and his colleagues was attractively balanced. Whether the central slow movement preceded or followed its orchestral counterpart in Symphony No 102 is, I believe, still a matter of

dispute, but that Haydn's London friendship with Rebecca Schroeter was at the heart of it was given fresh support by the eloquent and romantic ardour of this performance.

The blend and contrast of instrumental timbre, and a sustained fervour in ensemble, continued in a notably sweet toned account of the Brahms Trio, given as usual in the composer's revised version. There was a tautness in performance that generated a considerable force of depression as the opening ideas were displayed and then gathered up at the end of the first movement, the cello being particularly expressive and beautifully attuned to passages in unison with the piano.

The tension between parts was no less a feature of the scherzo movement, with a honeyed trio section in which the triple-time rhythm acquired an engaging charm as well as impetus.

Noel Goodwin

## Jazz

## Small sophisticated satisfactions

### Sphere Ronnie Scott's

Formed a couple of years ago to present the compositions of the Thelonious Monk, the quartet known as Sphere (after Monk's middle name) has already gone well beyond its original brief. On the evidence of its first British season, in fact, it is now one of the most sophisticated and satisfying small jazz groups to be heard.

Charlie Rouse, the group's tenor saxophonist, and Ben Riley, its drummer, both enjoyed lengthy sojourns in Monk's own quartet during the 1960s. Such had been the stature of the leader's earlier accompanists (one might think of John Coltrane, Sonny Rollins, Max Roach and Art Blakey) that Rouse and Riley, whose playing, operated within the conventions, never quite

emerged from the giant shadows cast by their predecessors. Something in Sphere, however, seems to have liberated both men, perhaps permitting the ordinary listener to realize the qualities Monk perceived in them.

Rouse's warm, hollow tone now sounds completely personal; his sense of swing sends his long phrases hurtling lightly over the changes with supreme relaxation. Riley, for his part, has acquired the deftness with cymbals of a Billy Higgins and the upright tom-tom formations of an Ed Blackwell, combined with a basic orientation derived from Max Roach into something colourful and elegant.

Their partners are the pianist Kenny Barron and the bassist Buster Williams, both youngish veterans whose styles embrace and extend the developments of post-bop music; together, the four achieve a remarkable

## Television

## Fiddling for life

The Budget will neither excite nor depress Liverpool's Neitherley estate. The economy there is unofficial. Now and then someone goes to gaol for participating in it. It depends on idling electricity meters, working on the side while collecting state benefit, and going "on the slummy" - removing copper and other saleable metals from nearby derelict flats.

BBC2's *Brass Tacks* examined it last night in *A Fair Day's Fiddle*. Dizzy, a qualified plasterer out of work for seven years, explained: "Our fiddles are done because they are necessary. Jobs are a thing of the past." He saw a new class in addition to the upper, middle and working classes - the subsistence class, taking its jobless benefits and then, to improve the lot of its children, its chances.

A man told how he went on the slummy to pay for his seven-year-old daughter's funeral after an undertaker had told him and his wife that, by carrying the coffin on their laps in one car, they could save the cost of a hearse. Anonymous letters bring people to judgment. One man told of his nine-month prison sentence after his wife had been reported. She had worked for six years in an undisclosed job. He calculated he would be 67 before he had paid off the arrears.

"Those who get reported," said a woman, "are the ones whose kids are looking nice. Nobody ever reports a drunk." Harry, a drain engineer, recently redundant and counting the bills, said: "My kids will get the best by hook or by crook and, while you're on the dole, it's by crook." Speakers invited us to look to our fringe benefits before being censorious, and a local vicar found it hard to condemn his parishioners for stealing from derelict flats: "One could almost see it as good stewardship of materials."

Rob Rohrer's sharply objective programme on this community, which thumbs its nose at a society which appears to have turned its back, left judgment to viewers, making no prophecies as to where this new morality might lead or what residual effect it might have even if an economic improvement comes.

Desert of Love, by Howard Brenton, BBC1's *Play for Today*, invited sympathy for the employed. A good cast, including Cherie Lunghi and Tom Bell, was required to participate in 85 minutes of nonsense. The play dealt with the fate of two expeditions, 100 years apart, into the Kalahari, managing, between flashes forwards and backwards, to make glancing references to feminism, African and radical politics, sex, cannibalism and old-time religion.

Watching Miss Lunghi make sexual advances towards the only able male in her ill-fated party, a bushman murmured "oogie-boogie". What he meant was made explicit before us. One wonders if they have a word in the Kalahari for rubbish. This was it.

Dennis Hackett

● The 1984 City of London Festival, from July 15 to 28, plans to reveal some of the less familiar sides of Elgar and Holst, both of whom died in 1934, to celebrate the fiftieth birthday of Harrison Birtwistle with a new work commissioned from him for string orchestra; and to feature the English Romantic Poet as seen by the European Romantic Composer.

Noel Goodwin

## Jazz

orchestral quality in the care with which their repertoire is arranged. "The End of a Beautiful Friendship" unfurling from Barron's pensive doodles; Monk's "Epitaph" set to a hustling railroad rhythm) and in the closeness with which they listen and respond to each other.

Comparisons may be made with the revived Jazztet, with the Ron Carter quartet which visited the Round House a couple of years ago, and with Herbie Hancock's *Mwandishi* sextet. Sphere's ability to blend composition and improvisation - to provide such an exquisite setting that Williams's sequence in "Christina", for example, became more than just another bass solo - is too scarce a commodity to permit anything other than a wholehearted recommendation.

Richard Williams

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## FINANCE AND INDUSTRY

Executive Editor Kenneth Fleet

### The kerosene Budget lights an equity fire

Mr Nigel Lawson's first Budget was immediately dubbed in the City as "the kerosene budget", not for the removal of excise duty from the fuel itself but for the fire his various measures were likely to put under the equity market.

Wholly admirable are the specific changes to persuade more people to buy shares: halving stamp duty on purchases, abolishing the investment income surcharge, raising the Capital Gains Tax starting point, albeit only in line with inflation (next year the major reform) - these should further Mrs Thatcher's cause of a share-owning democracy, as the sale of council houses did for the parallel dream of a nation of Conservative-minded property owners.

The better treatment of profit sharing schemes is overshadowed by the long overdue decision to tax gains under share option schemes not as income but as capital gains, but both measures should combine to foster a healthy interest in the processes, performance and profits of the market economy. And of course, the most radical section of the Budget, the new "five-year framework" for company taxes, together with the abolition of the National Insurance Surcharge, is both an incentive to make profits and something approaching a guarantee that they will not be promptly siphoned off by the Exchequer.

There are, naturally, reservations. The promised scaling down of corporation tax to 35 per cent may make industrial investment in the United Kingdom more attractive, but it will affect adversely the tax position and thus the earnings of British companies with appreciable overseas earnings in countries like the United States which have a higher company tax rate.

More immediately, the unwinding of our system of accelerated depreciation through generous capital allowances will cause bad headaches for companies which have used the flexibility of accounting standard SSAP 15 to ease up on their provisions for deferred taxation. Such liabilities are back with a vengeance. Finance directors in the leasing business have probably had a bad night. Put another way, how pleased the banks and their auditors must be that the 1983 accounts are already finalized.

Most serious of all, the one nasty time bomb ticking away quietly in the Inland Revenue press releases, relates to "controlled foreign companies". It seems, unless he is stopped, the Chancellor intends to legislate in this year's Finance Bill against companies the Revenue blithely describes as "using tax havens to avoid UK taxes". He ought to know better than to strike at the heart of United Kingdom companies and the City which regard the world as their oyster.

All, however, may not yet be lost on this score, so let us accentuate the positive and hope the negative will be eliminated. Several of yesterday's key proposals continue the process of liberalizing the Stock Exchange and preparing it for full-blooded international competition. Sir Nicholas Goodison, the chairman, said last night that Mr Lawson had "taken

steps to lead to more people having a direct stake in British industry. I have argued for this for years." They obviously do no harm to the immediate trading prospects of member firms. Secondly, they go a long way to removing the fiscal bias in favour of Wall Street.

It is this bias which has done so much to nourish the habit of buying leading UK shares in New York in the form of Authorized Depositary Receipt. When the technical disadvantages associated with ADRs are taken into account, the new 1 per cent stamp duty becomes much more tolerable.

It will take a day or two for last night's equity euphoria to be replaced by a more durable view of the Budget changes. However, some trends are already discernible. The life insurance market has been badly hit by the threatened abolition of tax relief on policy premiums. The sector is a deliberate victim of Mr Lawson's central aim of removing distortions in the tax system. It will be interesting to see how the insurance world responds to such a sudden blast of competition.

Meanwhile, some big names could be vulnerable to takeover raids by more nimble brethren in the financial sector. After all, the dog that did not bark was an overall financial services tax. The banks, in particular, can pat themselves on the back for successfully diverting another dose of windfall profits tax, although their joy is tempered by the decision to scale down capital allowances.

According to Datascram, the value of life insurance shares fell by £262m during the course of the speech. That compares with an increase of £334m in the market value of breweries, relieved that beer tax is going up by only 2p a pint - more than the rate of inflation, but hardly enough to deter regular drinkers when in many parts of the country a pint already costs nearly £1.

Another sector which did nearly as well as the breweries was retailing, whose combined value rose by £320m on the same basis, reflecting the impact of the sharply higher personal tax allowances. This will also divert a useful amount of cash into individuals' pockets in time for them to pay for a better holiday. Horizon, the tour operator, is due to report results today and should be a direct beneficiary.

For some of the biggest companies such as GEC and ICI, the Budget must appear distinctly mixed. On the one hand, they are bound to cheer the abolition of the National Insurance Surcharge, an inhibition to employment and an administrative chore. On the other hand, they may purse their lips at the dismantling of generous tax allowances on new equipment. The capital goods makers will be even less happy.

A similar mood must infect the tobacco companies. The increased personal spending money can only help them, especially in their diversifications into retailing and the like. But they can be under no illusion that this Chancellor has declared fiscal war on their main product, cigarettes. The 10p increase on a packet of 20 has all the signs of being merely the first in a series of annual salvoes.

### Uncertain outlook for gilts

Post-Budget perspectives in the gilt-edged market are less bright. At first sight they seem to stretch into a golden future for gilts - and that may turn out to be so, if the Chancellor's gamble on sustained growth works out and nervous analysts genuinely get over their initial qualms about the nature of the arithmetic surrounding the projected public sector borrowing requirement.

Inflation should be down to 4½ per cent by the year end; the PSBR will fall to £7.2 billion (2½ per cent of gross domestic product) some £3 billion lower than in the current year; targets for monetary growth are tightened.

Raising the threshold of personal sector allowances by far more than inflation decreed underwrites the continuation of the consumer spending boom, which has shown signs of peaking out, as well as enabling the personal sector to pay for some of last year's credit-financed boom without defaulting. The inflation threat from rising prices as output and demand are sustained will be contained by pressure on imports through the short-term move to levy instant VAT on them. This £1.2 billion once-for-all boost to government revenue is the cause of questions about the "true" level of the PSBR.

Enhancing the attractions of the corporate debt market by eliminating capital gains tax on fixed interest corporate stock ought to remove a lump of private sector borrowing which would otherwise boost the monetary aggregates and keep yields high in nervous markets - two things the Chancellor is anxious to avoid.

Phasing out stock relief may help in this context too, since the abolition of the concession discourages the industrial sector from carrying above average stock levels, which in turn boosts credit requirements. Any threat to sentiment which an accelerating sterling M1 figure might pose has again been neatly taken

care of; M1 has been replaced. And ending of the National Insurance Surcharge is also a clever tactic. According to the Treasury model, eliminating the surcharge should help to underpin the inflation forecast, since such a substantial rejection of cash eliminates companies' need to push up prices.

The Chancellor may live to regret the elimination of the CGT concession gilts have long enjoyed and the block on life assurance business with the ending of tax relief on premiums. The PSBR has been distorted by proposed asset sales and the changed treatment of public sector deposits and the £7.2 billion figure for 1984-85 has a one-off feel to it bearing in mind that this year's figure of £10 billion is a substantial overrun.

Assuming a similar error in 1984-85 the Government will need to borrow and might run into problems, competing on supposedly equal terms with the corporate sector's demand for long term credit. When this has happened in the recent past, witness National Savings' experience, the Government simply bids up the rate.

The final threat to the strategy must inevitably stem from the exchange rate. Sterling was wobbly last night, as the feeling grew that another round of interest rate cutting was on the way, US rates, as ever, look set to rise.

The snap reaction in the market last night was to anticipate something of a gilt rally this morning. The government broker did not discourage this view yesterday, when he supplied the new top stock, Exchequer 10 per cent 1989, a 40½, and then withdrew. According to conventional wisdom, low coupon stocks and index-linked stocks are now the categories of gilts to avoid, since abolition of the investment income surcharge has reduced the appeal of low coupon stocks, while officially inflation is a thing of the past.

## Building societies will lower mortgage rate on Friday

By Peter Wilson-Smith, Banking Correspondent

Building societies will announce a cut in the 11.25 per cent mortgage rate of either 0.5 or 0.75 percentage points on Friday after the special meeting they have called to reach a final decision on rates.

There are also hopes in the City that the other big banks will soon follow Barclays with a cut in their base rates. Barclays cut its base lending rate from 9 per cent to 8.75 per cent last week. The other banks are expected to at least match this and many believe they may go further with a 0.5 point reduction to 8.5 per cent.

The pound should not pose any obstacle to lower rates, it benefited from a weaker dollar yesterday, rising 1.6 cents to 1.4687 although it was slightly softer against continental currencies.

The Government's un-

changed target for National Savings, announced in yesterday's Budget has put the cut in the mortgage rate firmly beyond doubt. However, the abolition of relief on life assurance premiums will reduce the attractions of endowment mortgages for new borrowers.

February net receipts at £945m are the second highest monthly figure on record, surpassed only by the £987m taken by the societies last October. In an attempt to meet the seemingly insatiable mortgage demand, societies have been offering attractive rates to investors which have helped to lure money away from competitors such as the clearing banks.

Net receipts have now exceeded £800m in each of the last six months and building society liquidity has risen to historically high levels. Their seasonally

adjusted liquidity ratio at 19.9 per cent is up from 19.5 per cent last month and compares with a low point last June of 17.4 per cent.

The societies are now likely to start running down their liquidity. Net receipts usually show a seasonal drop in March and mortgage demand is picking up strongly. Societies are also more relaxed about being able to raise fresh funds in the wholesale markets to make up for temporary falls in savers' inflows, although funds raised from wholesale markets were well down at only £41m last month.

The Government's recent decision to tax societies on their gilt profits has made it less attractive for societies to hold gilts which have traditionally formed the biggest part of their investments.

New loans granted by the societies last month totalled £1,559m, still below the level at the end of last year. But commitments made to new borrowers increased sharply from £1,587m in January to £1,849m last month. This was the second highest figure ever after the record £1,905m of commitments last March.

Friday's meeting of the Building Societies Association council will choose between three options for reducing rates. These are cutting the mortgage rate by 0.5 per cent to 10.75 per cent and the ordinary share rate by either the same amount or by 0.75 per cent. The third possibility is to cut both the lending and investment rates by 0.75 per cent to give a mortgage rate of 10.5 per cent and an ordinary share rate of 6.5 per cent.

### TV report hits Barratt profits

By Our City Staff

Sir Lawrie Barratt, chairman of Barratt Developments, said yesterday that the company would not change its policies, despite widespread criticism which has depressed profits in the first half of the current year.

But the Budget cut in stamp duty was exactly what Sir Lawrie wanted to encourage first-time buyers into the homes market.

Barratt Developments, Britain's biggest housebuilder, announced that profits for the six months to December 31, fell from £20.7m to £19m before tax. Turnover jumped from £220m to £259m and, as a gesture of confidence, the dividend is being raised 10 per cent to 2.31p a share.

The company was hit last year by this television programme, *World In Action*, which criticized its use of



Sir Lawrie Barratt: policies will not be changed

timber-frame building methods. Sir Lawrie said that this cost the company the sales of 1,000 units, compared with total unit sales of 7,700 in the period.

Another *World In Action*

programme on the subject in the next few weeks is expected to criticize Barratt's policy of selling houses with extensive furnishings. Some first-time buyers have made losses on resale of these houses. Last week, Sir Lawrie re-introduced an buy-back scheme which guarantees the original price for two years.

Sir Lawrie reported that sales in the past 2½ months have been at the same level as a year ago. He also criticized local authorities for not releasing enough land.

In America, home sales have increased and made up for the slow down in Britain.

Barratt's profits record since the mid-1970s has been spectacular. From pre-tax of £6m in 1975, Barratt has consistently broken new ground and for the year to last June reported £5.2m on a turnover of £512m.

### Output rise confirms recovery

By Frances Williams

Economics Correspondent

The Chancellor's optimism on the economy in his Budget speech yesterday was underscored by new official figures showing that Britain's industrial recovery continues to make steady, though still modest, progress.

Output of the production industries, comprising energy and manufacturing, rose by 0.7 per cent in January after a 1.1 per cent increase in December to its highest level for four years. Manufacturing production alone increased by 0.5 per cent after jumping by 1.4 per cent in December.

Industrial output in the three months to January, a better guide to underlying trends than more erratic monthly figures, was 1.5 per cent higher than in the previous three months and 4.5 per cent above its level a year earlier.

But much of this was due to a steep build-up of North Sea oil and gas extraction. Britain's factories in the latest three months produced just 3 per cent more than 12 months previously.

The Government will be encouraged by a marked pick up in production of investment goods, which increased by more than 2 per cent in the three months to January. This reinforces other evidence that the long-awaited revival of manufacturing investment may have begun.

More disappointing, however, is the continued failure of the consumer goods industries to cash in on the spending boom. Output has scarcely changed since the beginning of last year despite an increase of nearly 5.5 per cent in retail sales. Instead, the demand has been satisfied by foreign suppliers. Imports of consumer goods other than cars climbed by more than 10 per cent last year.

Industrial production is now about 8.5 per cent above its trough in spring 1981. But it has not yet recovered its 1979 peak, despite the contribution of the North Sea.

Manufacturing output is still only 5 per cent higher than at its nadir and 13 per cent below pre-recession levels.

### Another Nissan tour of sites

Nissan of Japan yesterday began a reappraisal of its short list of three potential sites for its £50m British car assembly factory with a visit to Newcastle.

Lord Marsh, the former Labour Cabinet Minister engaged by Nissan as its adviser in Britain, said the company could make its decision on the site in two weeks.

The Nissan team will leave Newcastle tomorrow, having once again looked over the former Sunderland Airport site, to visit South Humberside. The latter was once favoured because of its proximity to the deep water port of Immingham.

At the end of the week, the Japanese will be back in North Wales to see the 810-acre site on the old British Steel Corporation's Shotton works.

### Lasmo slips to £89.9m for year

By David Young

Energy Correspondent

Despite a slight increase in the production of oil and gas in London and Scottish Marine Oil has announced a fall in profits for 1983. Pretax profits of £89.9m for 1983 compare with £113.6m in 1982 and after-tax profits total £24.9m compared with £28.3m in 1982. Lasmo will pay a final dividend of 1.15p, a rise of 0.5p over 1982.

Mr Geoffrey Searle, the company chairman, said that the principal reasons for the fall in profits were two-fold. While total production showed a small increase sales proceeds at £215.5m were £25m lower due to a build-up of stocks at the end of the year and to marginally lower sales prices. Lasmo also made provision for £14.5m in corporation tax.

Mr Searle said that the company's cash position was strong and that cash generated from operations would be more than adequate to fund the 1984 exploration and development programme which is expected to cost about £90m, 30 per cent more than last year's.

The company's tax position should be improved in 1984 as production costs in the Tynfield field in the North Sea will be offset against tax.

Mr Chris Greentree, Lasmo's chief executive, said yesterday that new gas acquisitions in the United States had already started to make a substantial contribution. Output from Beatrice would be increased and the Laland field in Indonesia would also start producing oil. Exploration in the United States has also been successful with nine of 13 wells drilled in one area showing oil.

### De Beers lifts payout as sales recover

By Michael Prest

De Beers, the South African diamond company, celebrated the beginnings of the recovery in the diamond market yesterday by revealing a 20 per cent increase in attributable profits to £530m (£303m for 1983).

Shareholders, moreover, will receive the first dividend increase since the 1981 traumatic cut, the first since the Second World War. After raising the final dividend from 25 cents to 27.5 cents, De Beers will pay 40 cents gross for last year compared with 37.5 cents in 1982.

The higher profits are the result of the recovery in demand for diamond jewelry. The diamond account, which covers all the company's activi-

ties from mining to selling stones, showed a sharp rise in income from £287m to £430.

Another significant extra source of income was from investments such as the 38 per cent stake in Anglo American Corporation. Investment income last year was £161m against £149m. Other types of interest income rose from £49.5m to £66.7m.

After allowing for the interest charge falling from £94.8m to £73.2m, largely because De Beers has borrowed in currencies carrying lower interest rates than the rand, pretax profit was 33 per cent higher at £752m.

Diamond stocks amounted to £2.254m at the end of last year.

### Greenfields falls to £153,000 loss

By Jonathan Clare

The recovery in 1981-82 at Greenfields Leisure, the camping and clothing retailers, has proved short-lived with losses in 1982-83, blamed on the recession and bad weather.

The Greenfields results for the year to October show a loss of £153,000, against profits of £536,000, and the final dividend has been cut to 0.5p making 0.75p for the year.

against last year's 1.25p. Turnover fell from £21.5m to £19.2m.

The company said yesterday: "The disappointing 1983 result was attributable to the recession, an abnormally wet spring and late arrival of good summer weather, adversely affecting the sale of seasonal goods."

It said that the introduction

of "non-seasonal merchandise" had increased the number of customers. The wholesaling division operated profitably. The figures are struck after property profits - property deals are expected to contribute significantly again this year.

A tax credit of £15,000, against last year's charge of £169,000, leaves an attributable profit of £15,000.

### Equities buoyant

In the immediate aftermath of the Budget, share prices were marked up across a wide range, with the notable exception of insurance. Leading equities were up by between 3p and 5p on the day, taking the FT index to a new high of 822.4, up 18.3. The FT-SE, up 6.7 before the Budget, gained almost 10 points after the Chancellor had spoken to 1079.8.

However, government stocks behaved nervously. Dealers felt that the Chancellor's removal of tax penalties on corporate bonds may make those stocks more attractive compared with gilts. But the Budget projections of the public sector borrowing requirement contributed to uncertainty in the market.

On foreign exchange markets, the pound initially went higher against the dollar, but then gave up some of its gains. As Mr Lawson sat down, sterling was trading at \$1.4640, a rise on the day of 1.1 cents. Nevertheless, it was down against most other currencies. Market Report, page 22

### STOCK EXCHANGES

FT-SE 100 Index: 1082.5 up 18.9  
FT Index: 822.4 up 18.3  
Bargains: 22,420  
New York: Dow Jones Industrial Average (latest) 1167.19 up 11.83  
Tokyo: Nikkei Dow Jones Index 10,184.76 up 108.22  
Hong Kong: Hang Seng Index 1085.24 down 1.5  
Amsterdam: 167.5 down 1.9  
Sydney: AO Index 719.0 down 0.1  
Frankfurt: Commerzbank Index 2008.7 up 9.9  
Buenos Aires: General Index 142.69 up 1.1  
Paris: CAC Index 160.5 up 0.6  
Zurich: SKA General Index 302.80 up 2.30

### CURRENCIES

STERLING  
Sterling \$1.4685 up 1.5 cents  
Index 80.5 down 0.1  
DM 2.5712 down 0.0050  
FF 11.6350 down 0.01  
Yen 328 up 0.75  
Dollar  
Index 125.4 down 1.0  
DM 2.5712 down 0.0046  
NEW YORK LATEST  
Sterling \$1.4685  
Dollar DM 2.5712  
INTERNATIONAL  
ECU 20.591491  
SOR 80.730200

### INTEREST RATES

Domestic rates  
Bank base rates 8%, 9  
Finance houses base rate 9%  
Discount market loans week fixed 9  
3 month interbank 8½-9%  
Euro-currency rates  
3 month dollar 10½-10%  
3 month DM 5½-5%  
3 month FF 14½-15%  
US rates  
Bank prime rate 11.00  
Fed funds 9%  
Treasury long bond 97½-97%  
ECGD Fixed Rate Sterling Export Finance Scheme IV Average reference rate for interest period February 8 to March 6, 1984 inclusive: 9.373 per cent.

### GOLD

London fixed (per ounce):  
an \$397.50 up \$37.25  
close \$397.50-398.00 (€271-  
€271.50)  
New York (latest): \$398.75  
Kruggerand (per coin):  
\$410-411.50 (€279.00-€280.50)  
Sovereigns (new):  
\$93.50-94.50 (€63.75-€64.50)  
Excludes VAT

● Energy Finance and General Trust is placing up to 250,000 ordinary shares at £1 a share in Blenheim Clinics. The proceeds, together with bank finance, will enable Blenheim to purchase and convert premises at South Norwood, South London, into a 20-bedroomed private clinic.

## Barratt Developments PLC

### INTERIM STATEMENT

\* The half year to 31st December, 1983 saw Barratt Developments consolidate its position as Britain's largest private housebuilder. The following are the unaudited results of the Group.

	Half year to 31st December, 1983 £'000s	Half year to 31st December, 1982 £'000s
Turnover	259,372	220,432
Profit before taxation	19,063	20,739
Taxation	7,565	7,691
Profit after taxation	11,498	13,048
Interim Dividend	4,106	3,732
Retained Profit	7,392	9,316

\* The number of legal completions at 7,700 showed a small decline in the U.K. but an increase in the U.S.A. compared with the six months ended December 1982. Some disappointment was experienced with new sales, with current land shortages and the resultant price escalation threatening to become a major constraint on the demand for home ownership.

\* The scale of our commitment to Inner City renewal continues to increase as experience proves that our original confidence in the future of this sector was well founded.

\* In California our policy of providing much needed affordable housing is gaining momentum. Whilst the profit contribution showed an increase, margins remain under some pressure, but further progress was made in terms of the number of houses built and sold.

\* The controlled expansion of our property investment portfolio continues with the market for new industrial and commercial property showing some improvement.

\* Our leisure property interests have recently been increased by the acquisition of Foxhills Golf and Country Club, Surrey, in line with our continuing expansion programme.

\* The Board is declaring an interim dividend of 2.31p per share, an increase of 10% over the previous year. This will be payable on 28th May, 1984 to shareholders on the register at close of business on 27th April, 1984.

Sir Lawrie Barratt



### MONEY MARKETS

Base rate optimism drove short-term money rates lower again, but day-to-day money remained expensive. The Bank of England forecast a shortage of about £300m. With the market speculating heavily that base rates will be down to 8½ per cent soon, the Bank again found few takers of

its invitation to tender bills for purchase by the authorities.

Therefore the Bank was able to buy only £7m of bank bills outright.

The balance of the Bank's assistance was channelled via £510m purchase and resale agreements

### FOREIGN EXCHANGES

A rise of 0.2 per cent in the February US retail sales index bought renewed selling of the dollar yesterday, moving the pound more than a cent better than its overnight level, at 1.4630 (1.4525), but leaving both currencies weaker to continental.



## Political uncertainty hits Hongkong bank

By Peter Wilson-Smith, Banking Correspondent

The uncertainty over Hong Kong's future and the legacy of the property collapse led to a disappointing performance from Hongkong and Shanghai Banking Corporation in 1983. Group net profits, after transfer to secret reserves, rose by only 3.7 per cent to HK\$2.49 billion (£220m) compared with market hopes of a 10 per cent gain.

The final dividend of 37 cents, making 55 cents for the year is as forecast. The group expects to maintain or exceed payout in 1984, by paying total dividends of not less than 44 cents on the share capital enlarged by a planned one for four scrip issue.

Mr Michael Sandberg, chairman, blamed the lower than expected results on concern about Hong Kong's political future. He said there was very little fresh investment or loan demand, "Hong Kong has had a well-publicised couple of years of difficulties and they won't disappear until we have a solution to the 1997 problem," he said.

However, he said negotiations between Britain and China over Hong Kong appeared

to have made some progress in recent months and he expected the group's profitability to increase in 1984. This helped to reassure the stock market and the group's shares rose 2p to 81p in London after the results.

Wardley Holdings, the group's merchant banking subsidiary, suffered badly last year from its involvement in the property sector. Profits more than halved from HK\$164m to HK\$75m.

Hongkong and Shanghai's overseas operations seem to have been largely responsible for the higher profits. Marine Midland, the US subsidiary, reported a 16 per cent rise in net profits to \$101m in 1983, but in common with other overseas operations, its contribution have been boosted by the 20 per cent fall in the Hongkong dollar during 1983.

Analysts believe that Hongkong and Shanghai Bank benefited last year from arbitrage gains from foreign exchange dealing in the parent bank. Its main subsidiary, Hang Seng Bank, also reported a 7.9 per cent rise in profits to HK\$770m in 1983.

### WALL STREET

## Rift over merger bid

The present move of mergers in the US steel and oil industries has provoked a sharp rift within the Reagan Administration among officials who disagree strongly over the direction of anti-trust policy.

US Steel announced last Friday that it was abandoning its merger with the National Steel Corporation because it could not satisfy anti-trust demands.

A group of influential Cab-

net officials believe that unless US steel companies are allowed to merge, the industry's present campaign for drastic import cutbacks will lead to more protectionism, higher prices and higher inflation.

By contrast, the Federal Trade Commission, the other agency which administers US anti-trust law, is allowing the big proposed oil industry mergers to go through.

	Mar 12	Mar 9		Mar 12	Mar 9		Mar 12	Mar 9
AMF Inc	13 1/2	13 1/2	Am Int'l Bk Corp	27 1/2	27	IPG Inc	29 1/2	29 1/2
AMR	13 1/2	13 1/2	Am Pwr Corp	27 1/2	27 1/2	Procter Gamble	29 1/2	29 1/2
ANA	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Public Serv	29 1/2	29 1/2
ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Raychem	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Reagan	29 1/2	29 1/2
ANR	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Republic Steel	29 1/2	29 1/2
ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Reynolds	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Rice	29 1/2	29 1/2
ANR	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Ryan's	29 1/2	29 1/2
ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	S&W	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Sealed Air	29 1/2	29 1/2
ANR	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
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ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
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ANR	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANR	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANR	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
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ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANR	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANB	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANF	13 1/2	13 1/2	Am Sav Bk	27 1/2	27 1/2	Shawmut	29 1/2	29 1/2
ANR								



CRICKET: SMITH AND GATTING MAKE GOOD START ON PITCH FULL OF RUNS

# England bowlers respond to mind-reading by Gower

From John Woodcock, Cricket Correspondent, Faisalabad

England's sweat and toil continued here yesterday as Pakistan took their first innings score in the second Test match. The chances of an English victory, remote enough before a ball was bowled, have gone, but there should be a packet of runs left in the pitch - that is if England can find enough fit players to send in. In 11 overs last night Gattling and Smith looked quite encouragingly secure. Gattling played, albeit briefly, as though he was wearing his Middlesex cap at Lord's.

A. C. Smith, the England manager, is reduced for the moment to naming those who are feeling on top of the world - Foster, Marks, Randall and Taylor - rather than the others, all of whom have either 'hummies or throats'. Fowler left the field in the early afternoon, not to return, which was why Gattling opened. Others went on and off, but on a bumpy outfield England always fielded keenly, and in no way did they let anyone down.

Without Botham there was, at once, less untidiness in the bowling, yet more sense of the inevitable. Willis, who had hoped to go to the ground to watch the evening's play, was not, in the event, up to it. Even in the best of health he would have been unlikely to get much nearer Dennis Lillee's record of Test wickets. But not until England have batted properly should the pitch be condemned as being too good to be good.

There was a fair crowd, if nothing like as large as those which attend public floggings on the same ground. Then the gates have been known to be closed. An early break might have kept England in with a winning chance, and although they worked hard for it, with a new ball to help them, it was not until the last ball before lunch that they took their first wicket of the day. Dilley beat and bowled Salim when he was 93; but it was off a no-ball. Not long afterwards, also with a no-ball, Foster had Salim caught at the



Gower: taking decisions after councils of war

Waqar Raja hitting him for three fours to reach his fourth test hundred and his first against England. Wasim was an agreeable innings, a little slow for him, perhaps, but balanced of footwork, sweet of timing and elegant of stroke.

There was a time when Qadir would have been the first of the tail-enders, but not any more. He and Wasim had added 93 when Wasim was bowled. Qadir's footwork was confidently nimble, his six over extra cover off Marks being as good a stroke as was played by anyone. But soon after tea he mishooked Dilley to extra cover. Foster going down on his knees to make the catch. Then Dilley, with a conspicuous change of luck, had a half-hearted appeal for leg-before upfield.

With the ball passing far down the leg side it occurred to no one but Dilley to appeal and even he looked a trifle embarrassed as Dalsip departed. A

## Sri Lanka encouraged by record stand

Kandy (AFP) - Sri Lanka recovered after losing four wickets before lunch to reach 315 in reply to New Zealand's 276 at the Asgiriya Stadium here yesterday. They then dismissed two New Zealand batsmen for 77 in their second innings by the close of the fourth day of the first Test match.

The last wicket pair, of the newcomer Jayanthi Amerasinghe, and the pace bowler, Vinodhan John, compiled a heroic stand of 66 to put Sri Lanka out of the wood. Sri Lanka, struggling at 155 for nine after all their front line batsmen had failed, thus made a remarkable recovery.

It was the highest last wicket stand for Sri Lanka in Test matches. Amerasinghe's 34 made him Sri Lanka's top scorer in the innings and John made his highest Test score while he reached 27 not out. The New Zealand pace bowler, Hadlee, finished with four for 35 off 20 overs.

Wright was out for four and Reid for 30, as New Zealand struggled to 77 for two, a lead of 138, in their second innings.

NEW ZEALAND First Innings 276 (N 50 for 85)

10 P Howarth not out	38	
11 G Wright c A J B John	4	
12 J F Reid c R Amerasinghe b S D Silva	30	
13 J C Bracken not out	9	
Extras (b 1, lb 1, w 3)	5	
Total	77	

FALL OF WICKETS: 1-14, 2-75, 3-100, 4-140, 5-276 (N 50 for 85)

SRI LANKA First Innings

1 S Wimalawansa c Conery b Hadlee	19
2 M S Fernando c Hadlee b Conner	9
3 M S Kaluperum b Wimalawansa	6
4 S Jayanthi c Smith b Hadlee	18
5 J D Mendis c Bracken b Hadlee	5
6 R Madugalle c M D Crowe b Hadlee	20
7 S de Silva b Bracken	11
8 D de Silva b Bracken	20
9 G de Silva b Bracken	24
10 M J G Amerasinghe not out	36
Extras (b 2, lb 2, w 4)	8
Total	215

FALL OF WICKETS: 1-14, 2-38, 3-55, 4-56, 5-61, 6-71, 7-120, 8-155, 9-185, 10-215

BOWLING: New Zealand 20.5-35-4-4, Calme 18-3-71-1, M D Crowe 18-3-4-4, Bracken 27-35-2-20, Amerasinghe 14-25-2-1.

## Test trio retire on high note

Perth (AFP) - Western Australia won the Sheffield Shield for the ninth time when they defeated Queensland by four wickets in the final here yesterday.

Western Australia, needing 233 on the last day to win, survived some anxious moments before reaching 224 for six.

The game was the end of the long careers of Laird, Marsh and the Western Australia captain, Lillee.

Scores: Queensland 431 for 7 and 154; Western Australia 363 and 224 for 6 (B Laird 100, Marsh 100, Lillee 41; G Wright 41; D Silva 28, Thomson 27 for 30).

Other cricketers, page 24

## New sponsorship for Wightman Cup

By Rex Bellamy, Tennis Correspondent

The next Wightman Cup contest, between the women of Britain and the United States at the Albert Hall from November 1 to 3, will be sponsored by Nabisco, a grocery company whose products include biscuits and breakfast cereals.

Having sponsored the event in Virginia last year, they have now agreed to invest about £150,000 in the British future, and may be persuaded to make a long-term commitment.

As from next year, Nabisco will also back the men's grand prix circuit, and its climatic play of honour, the Masters tournament, for at least three years.

The economic recession has affected all professional sports. Until yesterday's announcement, Britain's sponsored big-money event for leading players had been reduced to the men's tournaments at Queen's Club and Wimbledon. A worrying trend has therefore been arrested. Without sponsorship, tennis players would have to make do with a share of tournament profits, if any.

The US lead 45-10 in the Wightman Cup series, and could ruin the future's competitive

## RUGBY UNION



## Harding is replacement for England

By David Hands, Rugby Correspondent

Richard Harding, the Bristol scrum half, makes his first appearance as England's replacement for the game against Wales at Twickenham on Saturday. He takes the place of Hill (Bath) who, damaged a hamstring at the weekend, Harding, a B international, joined England at training at Stourbridge on Monday evening.

His next club game will be the John Player Cup semi-final against Harlequins on March 24 when the London club may well have another Richard - Crumb - playing stand-off half. Crumb, however, has a date against a different Bristol side today on behalf of Kingston, who play Bristol in the final of the British Polytechnics Cup, sponsored by Rugby in Oxford, Saturday.

He will be at full back as one of four Kingston students who have represented the British Polytechnics this season. Bristol accounted for Polytechnic of Wales, the holders, and beat the useful Trent team, 17-7, in the semi-final.

BRISTOL POLYTECHNICS: S Dwyer, R Powell, R East, R Crumb, R Harding, R R. Edwards, P. Maddox, G. D. R. R. Crooks, J. Wade, M. Case, M. Thomas, A. Jones, M. Ashworth, T. Lushman, M. Howie, J. Macdonald, M. Velez.

## Sponsors withdraw

Norwich Union Insurance announced yesterday that they are withdrawing from their worldwide table tennis sponsorship. Among the principal sufferers will be the English Table Tennis Association, whose open and closed championships have been sponsored by the company for the past 10 years. This year alone, their sponsorship of the two championships amounted to £16,000.

Ken Hurst of Norwich Union denied that the decision had

## TABLE TENNIS

## Sponsors withdraw

anything to do with the introduction of the plastic ball which caused controversy at this year's open championships.

He said: "The withdrawal is part of a review of our sponsorship. The decision is a difficult one upon our excellent relationship with the ETTA."

Mike Watts, deputy general secretary of the ETTA, said: "Obviously we are disappointed because we have had a long association with Norwich Union."

## The Americans are coming

British rugby will benefit from the United States RFU decision to ask their territorial unions to tour abroad every other year.

This week, one of America's strongest unions, Midwest, arrive in England on an 18-day tour during which they will meet six leading clubs.

Eastern will arrive in September, playing in England and Wales, and Western plan a three-week visit in September and October.

Midwest RFU SCHEDULE: Surrey XV, March 18; Exeter, March 20; Bath, March 22; Northampton, March 24; London Welsh, March 26; Gloucester, March 28.

Authorized Units & Insurance Funds			
Unit Name	Current Price	Previous Price	Change
1. ABC Unit Trust	10.50	10.40	+0.10
2. DEF Investment Fund	15.20	15.10	+0.10
3. GHI Growth & Income	8.75	8.65	+0.10
4. JKL Bond Fund	12.30	12.20	+0.10
5. MNO Equity Share	20.10	19.90	+0.20
6. PQR Real Estate	18.40	18.30	+0.10
7. STU Global Fund	11.60	11.50	+0.10
8. VWX Dividend Yield	9.80	9.70	+0.10
9. YZA High Growth	14.90	14.80	+0.10
10. BCD Income Builder	7.50	7.40	+0.10
11. EFG Conservative	13.10	13.00	+0.10
12. HIJ Venture Capital	22.00	21.80	+0.20
13. KLM Balanced	10.00	9.90	+0.10
14. NOP International	16.50	16.40	+0.10
15. QRS Fixed Income	11.00	10.90	+0.10
16. TUV Tech Sector	19.20	19.10	+0.10
17. WXY Healthcare	17.80	17.70	+0.10
18. ZAB Energy	13.50	13.40	+0.10
19. CDE Commodities	15.70	15.60	+0.10
20. FGH Hedge Fund	21.30	21.20	+0.10
21. IJK Private Equity	25.00	24.80	+0.20
22. LMN Structured	12.80	12.70	+0.10
23. OPQ Leveraged	18.90	18.80	+0.10
24. RST Arbitrage	14.20	14.10	+0.10
25. UVW Derivatives	16.00	15.90	+0.10
26. XYZ Algorithmic	19.50	19.40	+0.10
27. ABC Macro	23.10	23.00	+0.10
28. DEF Micro	17.40	17.30	+0.10
29. GHI Systematic	15.60	15.50	+0.10
30. JKL Quantitative	18.70	18.60	+0.10
31. MNO Statistical	12.90	12.80	+0.10
32. PQR Machine Learning	20.40	20.30	+0.10
33. RST Deep Learning	24.50	24.40	+0.10
34. UVW Reinforcement	19.80	19.70	+0.10
35. XYZ Generative	17.20	17.10	+0.10
36. ABC Natural Language	15.30	15.20	+0.10
37. DEF Computer Vision	18.60	18.50	+0.10
38. GHI Robotics	16.10	16.00	+0.10
39. JKL AI Ethics	14.70	14.60	+0.10
40. MNO Cybersecurity	17.90	17.80	+0.10
41. OPQ Data Privacy	15.40	15.30	+0.10
42. RST Digital Rights	18.20	18.10	+0.10
43. UVW Blockchain	16.80	16.70	+0.10
44. XYZ Cryptocurrency	19.00	18.90	+0.10
45. ABC Smart Contracts	17.50	17.40	+0.10
46. DEF Decentralized	15.90	15.80	+0.10
47. GHI Consensus	18.30	18.20	+0.10
48. JKL Distributed	16.60	16.50	+0.10
49. MNO Peer-to-Peer	14.10	14.00	+0.10
50. PQR Network	17.70	17.60	+0.10
51. RST Decentralized	15.20	15.10	+0.10
52. UVW Blockchain	18.90	18.80	+0.10
53. XYZ Cryptocurrency	16.40	16.30	+0.10
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71. XYZ Cryptocurrency	15.80	15.70	+0.10
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74. GHI Consensus	14.30	14.20	+0.10
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77. PQR Network	13.90	13.80	+0.10
78. RST Decentralized	16.50	16.40	+0.10
79. UVW Blockchain	14.00	13.90	+0.10
80. XYZ Cryptocurrency	17.00	16.90	+0.10
81. ABC Smart Contracts	15.50	15.40	+0.10
82. DEF Decentralized	18.10	18.00	+0.10
83. GHI Consensus	16.70	16.60	+0.10
84. JKL Distributed	14.20	14.10	+0.10
85. MNO Peer-to-Peer	17.60	17.50	+0.10
86. PQR Network	15.10	15.00	+0.10
87. RST Decentralized	13.60	13.50	+0.10
88. UVW Blockchain	16.10	16.00	+0.10
89. XYZ Cryptocurrency	14.70	14.60	+0.10
90. ABC Smart Contracts	17.20	17.10	+0.10
91. DEF Decentralized	15.70	15.60	+0.10
92. GHI Consensus	13.20	13.10	+0.10
93. JKL Distributed	16.80	16.70	+0.10
94. MNO Peer-to-Peer	14.30	14.20	+0.10
95. PQR Network	12.80	12.70	+0.10
96. RST Decentralized	15.30	15.20	+0.10
97. UVW Blockchain	13.80	13.70	+0.10
98. XYZ Cryptocurrency	16.30	16.20	+0.10
99. ABC Smart Contracts	14.80	14.70	+0.10
100. DEF Decentralized	17.30	17.20	+0.10











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# Kisses from the Chancellor - before the Budget



Mr Lawson kissing his wife yesterday as he left Downing Street and (right) with his daughter Emily, aged two.

## Philip Howard in the Commons A show of oomph by the Head Boy

Speech Day at Westminster is one of our great national institutions. As is the case with most of our great national institutions, this means that its attractions can be somewhat opaque to the disinterested observer.

A visitor from outer space might well be puzzled by the excitement generated by a short, stocky, swarthy man talking in economic jargon for an hour and 20 minutes about taking comparatively small amounts of money from one group of citizens in order to give it back to them in a different form. It can be as boring as a pound of potatoes and Budget speeches have been made with a delivery that made Freddy Forsyth sound like a shopping list.

It was not quite like that yesterday. The Chancellor had some radical things to say and he delivered them with the oomph of an old pro. At the beginning he told the class what he was going to say. Then he told them. Then he told them what he had said and sat down, a lot sooner than some of his predecessors who have been as long-winded as the monsoon.

Much of the secret of the attraction is, of course, in the great British tradition. This is the annual ritual once performed by Pitt and Gladstone, by Winston Churchill and Lloyd George, and let us say nothing of the young Paines, Paines and Geoffrey Howe.

This is the occasion when newspapers go bananas with tables demonstrating that a married man with a mortgage and two children is so little better off that he could have earned more money in the time spent working out the tables.

The tradition of annual Speech Day was fully observed yesterday. As usual the Head Mistress gave a brisk and inspiring address to the school at Prime Minister's question time, which has been much spoiled by the abuse of open questions.

Then it was the turn of the Head Boy to make the main speech. He had a rousing intro and tribute to the traditions of the school over the past five years. As traditional, his flag, or wife, watched proceedings from the gallery.

As always on Speech Day the faces of other prefects on the front bench who thought

## Wives may have to testify

By Our Political Reporter

Wives will be obliged to give evidence against their husbands in child assault cases under proposals passed by the standing committee on the Police and Criminal Evidence Bill yesterday.

Proposals to make husbands or wives compellable witnesses for the prosecution in cases against their spouse for sexual or physical assault on children were approved with the support of two Labour MPs on the committee.

Mr David Mellor, Under Secretary at the Home Office, described the change as a substantial step forward in bringing more child batterers to book. The fact is that in many cases the only witness to the assault by a husband on the child will be the wife. Obligating her to give evidence for prosecution is a major advance.

## Print union to seek deal on new technology

By Barrie Clement, Labour Reporter

The National Graphical Association is to seek a "radical" deal on new technology with provincial newspapers.

A special meeting of the union's national council yesterday passed a resolution which could allow "single keyboarding" to be introduced in local newspapers.

It is a crucial policy decision which could allow journalists and advertising staff direct access to computers instead of operators belonging to the association.

The Newspaper Society, the employers' organization, has been striving for many years to persuade the NGA to accept the principle.

The proposals will be put to members of the NGA, the printing trade union Sogat '82 and the National Union of Journalists. Eventually it is

hoped to present a package of proposals to the Newspaper Society.

The society has said that it will introduce non-union labour into provincial newspapers by the end of 1985 if "single keyboarding" is not accepted by the NGA. With 10½ months to go before the deadline expires in the so-called Project Breakthrough, the decision will be seen as a major initiative.

Details of the proposals will be announced on Friday. The union will then start its consultation process which it hopes will lead to a deal with the employers.

A senior official of the NGA said yesterday: "The proposals are quite radical." The official, however, would not divulge precisely what had been decided or what guarantees would be required in return for concessions.

## Man charged with Maze official's murder

A man will face Belfast magistrates today charged with the murder of Mr William McConnell, aged 35, an assistant governor at the Maze prison, who was shot dead outside his home in east Belfast last week as he set off for work.

## Bomb arrests

Three people will appear in court in Manchester today charged with causing explosions in the city at the weekend with intent to endanger life. In London, Ailish Glahour, a Libyan businessman, will face charges of conspiring to cause explosions.

## Gun charge

Rudolf Walker Cooke, aged 34, of no fixed address, was remanded in custody for six days by magistrates at Arundel, West Sussex, charged with possessing a Luger pistol with intent to endanger life.

## Coal board takes legal action over pickets

Continued from page 1

power stations in East Anglia and the South during the strikes of 1972 and 1974, have moved en masse in coaches to "picket out" Nottinghamshire colliers.

Men at Harworth pit, who had voted to cross the picket line in a military-style column, backed down when their picket was leaked and "hundreds" of pickets were threatened. Pickets from the striking colliery also travelled to Lancashire to spread the dispute there.

The Harworth men decided not to go back to work for fear of violence, after fighting flared on the picket line two nights ago when 300 Yorkshire miners confronted the night shift. About 200 peaceful pickets stopped the 1,400-man Bevercot colliery near Retford. The pickets are thought to be using Citizen Band radios to coordinate their campaign.

Mr Henry Richardson, the union's area secretary, a left-

wing supporter of the battle to halt pit closures, last night appealed once again for an end to the incursions. "You cannot win a long strike battle if you haven't got the men with you. You cannot force them out," he said. "The mass blockade" tactic would be counter-productive. "Our lads will not take kindly to people telling them what to do."

An electrician at the Harworth pit said: "They will not be satisfied until a Yorkshire miner kills a Nottinghamshire miner, and that will happen here." Most of the 500 men from the colliery voted to go in, but they decided not to "because we fear for our safety and the safety of our families in the village."

The coal board said last night that 101 pits employing 105,000 men were idle, but an estimated 13,000 miners had been "picketed out" after turning up for work.

## THE TIMES INFORMATION SERVICE

### Today's events

#### Royal engagements

The Duke of Edinburgh, President of the Royal Society of Arts, presents the Society's Pollution Abatement Technology Awards at the Society's House, John Adam Street, WC2A 3PL.

The Prince of Wales, President of the Royal Naval Film Corporation, attends the annual general meeting on board HMS President, King's Reach, N1 3J0.

Princess Anne opens the Women's Royal Voluntary Service

Handicraft Exhibition to be held in the Shire Hall, Gloucester, 10; and later, as Chancellor of the University of London, attends a Presentation Ceremony at the Royal Albert Hall, 2.

Princess Anne attends an Ecumenical Service at Westminster Abbey, 3.55.

The Duchess of Gloucester, Commandant-in-Chief, St John's Ambulance in Wales, opens St John's Ambulance Museum, St John's Gate, London, 5.

Princess Alice, Duchess of Gloucester visits Broughton House, Home for the Disabled Ex-Servicemen and the Salford Community Housing Association, 12; and later visits Karmaden Fold Development, Salford, Greater Manchester, 2.25.

The Duchess of Kent attends a Gala Fashion Presentation of "Window on Hong Kong" in the Georgian Restaurant, Harrods, Knightsbridge, SW1, 8.10 (Brompton Assembly Rooms, Derby, 7.30).

Princess Michael of Kent attends a Breast Cancer Research Trust Charity Evening, as Patron of the Trust, at the Lakeside Country Club, Frimley Green, Camberley, Surrey, 8.15.

#### Music

Concert by the Flieder Trio of Vienna, Town Hall, Rhyd, Clwyd, 7.30.

Organ recital by Allan Wicks, Town Hall, Reading, 7.45.

Concert by the Northern Sinfonia, Newcastle City Hall, Newcastle upon Tyne, 7.45.

British Music Week: Concert by the Albert Sings Quartet and the English String Quartet, Chapel, University of Keele, Keele, Staffs, 8.

Concert by the City of Birmingham Symphony Orchestra, Derby Assembly Rooms, Derby, 7.30.

Concert by the Birmingham Symphony Orchestra, Colston Hall, Colston Street, Bristol, 7.30.

Concert by the choir of St Albans School and St Albans High School, St Albans Abbey, Herts, 7.30.

Monteverdi Vespers performed by Monteverdi Choir, English Baroque Soloists and Kings College chorists, Kings College Chapel, Cambridge, 7.30.

Dvorak's Requiem Mass performed by the Combined Choral Societies of St Albans School and St Albans High School with the St Albans Philharmonic Orchestra, St Albans Abbey, 7.30.

Talks, lectures

The Honour of Gerard Hoffnung by Mrs. Annette Hoffnung, Westminster College, North Hinkley, Oxford, 8.

Conservation - protecting the evidence, Royal Scottish Museum, Chambers Street, Edinburgh, 2.

Parliament today

Commons (2.30): Continuation of the Budget debate.

Lords (2.30): Debate on higher and further education.

Gardens open

BY APPOINTMENT

Corwall: Chyrtown, Zelah, N of Truro, SW of Zelah on A30 (M1 and Mrs N T Holman, Tel: Zelah 3241, weekdays only March, April and May; large collection of trees and shrubs, some rare, Glenside, Strzelce, Poland, 1854; Albert Einsteln, physicist, Nobel laureate 1921, Ulm, Germany, 1879. Deaths: Friedrich Klopstock, poet, Hamburg, 1803; Karl Marx, London, 1883; Walter Crane, painter and illustrator, Horsaam, 1915; George Eastman, pioneer of photography, Rochester, New York, 1932.

The pound

Australia \$ 1.58 1.58

Austria Sch 27.90 26.30

Belgium Fr 82.25 78.25

Canada \$ 1.90 1.83

Denmark Kr 14.37 13.67

Finland Mk 8.52 8.12

France Fr 11.99 11.49

Germany DM 3.91 3.73

Greece Dr 161.00 151.17

Hong Kong \$ 11.72 11.17

Ireland P 1.28 1.22

Italy Lira 2415.00 2315.80

Japan Yen 340.00 324.00

Netherlands Gld 4.43 4.21

Norway Kr 11.40 10.80

Portugal Esc 197.00 187.00

South Africa Rd 1.94 1.80

Spain Pta 220.50 211.50

Sweden Kr 11.74 11.14

Switzerland Fr 3.24 3.07

USA \$ 1.50 1.45

Yugoslavia Dnr 197.00 187.00

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Retail Price Index: 342.6

London: The FT index closed 20.9 up at 8765.0 a record.

### New books - hardback

The Literary Editor's selection of interesting books published this week:

Jonathan Swift, Political Writer, by J.A. Downie (Routledge & Kegan Paul, £15)

Record of a Life, an Autobiography, by Georg Inrikes (Faber, £24.95)

Speak for Yourself, A Mass-Observation Anthology 1937-49, by Angus Calder and Dorothy Sheridan (Cape, £12.50)

The Bourgeois Experience, Victoria to Freud, Volume 1, Education of the Senses, by Peter Gay (Oxford, £19.50)

The Common People, A History from the Norman Conquest to the present, by J.F.C. Harrison (Crown Helm, £12.95 paperback, Flamingo, £3.95)

Indo-European Languages, by Braj B. Kachru (Oxford, £12)

The Land and Literature of England, a Historical Account, by Robert M. Adams (Norton, £21)

Yours Truly, a Memoir, by E. E. Schattschneider and the Secret of St Elizabeth's, by E. Fuller Torrey (Sidgwick & Jackson, £12.95, paperback £8.95)

The Travels of Marco Polo, a modern translation, by Theresa Waugh (Sidgwick & Jackson, £12.95)

Wars and Rumours of War, a memoir, by James Marshall-Cornwall (Leo Cooper, Secker & Warburg, £12.95)

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## Weather forecast

A large anticyclone to N of Scotland will move eastwards towards Sweden, maintaining a rather cold easterly airstream over United Kingdom.

6 am to midnight

London, SE, central S, SW, NW England, Channel Islands, S, N Wales, Lake District, Isle of Man, SW Scotland, Argyll, Northern Ireland: Rather cloudy with isolated light showers but some sunny intervals; wind E moderate; max temp 6C to 8C (43-46F).

East Angles, E, W Midlands, E, central N, NE, England, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, central Highlands: Mainly cloudy, a little rain or sleet in places, a few bright intervals; wind moderate or fresh, max temp 5C to 6C (41-43F).

Moray Firth, NE, NW Scotland, Orkney, Shetland: Mainly dry with sunny intervals; wind E light; 6C to 8C (43-46F).

Devon, temporary traffic signals. A478: North and southbound carriageway lane closure, south of Pontypridd, mid-Glamorgan, at junction 32 (M4) Merthyr Tydfil; temporary traffic signals working hours only.

Wales and West: A377: Temporary traffic lights on Exeter-Barnstaple road, Devon on Bonhay Road, Exeter. A384/A385: Single-lane traffic on Totnes-Buckfast road at Shimmers Bridge, Dartington.

A478: North and southbound carriageway lane closure, south of Pontypridd, mid-Glamorgan, at junction 32 (M4) Merthyr Tydfil; temporary traffic signals working hours only.

Midlands: A49: Single lane traffic on Shrewsbury-Ludlow road at Marshbrook; temporary signals. A427: Traffic signals on Market Harborough-Lutterworth road at Lutterworth, A34: Delay possible in Guild Street, Stratford.

North: A689: Temporary lights at Cowslip Bridge, on Durham. A68: Roadworks at Ellistown, 8 miles north-east of Bellingham, Northumberland. A167: Road closed due to remedial bridge work in Merrington Lane (B6287) at Ferryhill, co Durham.

South: A96: One lane traffic in North Street, Ludlow, road at Marshbrook; temporary signals. A427: Traffic signals on Market Harborough-Lutterworth road at Lutterworth, A34: Delay possible in Guild Street, Stratford.

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## High tides

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Avonmouth 10.41 11.29

Cardiff 10.24 11.12

Devonport 10.07 10.55

Dover 9.50 10.38

Falmouth 9.33 10.21

Glasgow 9.16 10.04

Hull 8.59 9.47

London (City) 10.58 AM HT PM 10.41 11.29

London (Tower) 10.58 AM HT PM 10.41 11.29

London (Woolwich) 10.58 AM HT PM 10.41 11.29

London (Woolwich) 10.58 AM HT PM 10.41 11.2